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ERRATUM: In JPRS 83753, 23 June 1983, No. 2164 of this series in article entitled VAN HOUWELINGEN ON MILITARY PROCUREMENT, MAINTENANCE, page 112, please make the following correction in 1st paragraph, line 4 and 3rd paragraph, line 1, the word billiards should be changed to read billions.

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PAPER CRITICIZES SOCIALISTS ON EUROMISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 83 p 8

/Editorial: "Footnote to History"/

/Text/ The Social Democratic Party is about to make Denmark a footnote country. By supporting the left-wing attempt to reform the government's NATO policy at the wrong time, the Social Democratic Party assumes the total responsibility for the fact that Danish viewpoints soon will no longer be taken seriously within the Western alliance. Obviously Denmark does not want to be disregarded in the NATO councils, because in an alliance of countries with the same viewpoint each has the right to have its own opinion. But if it is without relevance and objectively remains without consequences, the country will only be listened to and politely be reduced to a footnote in the discussion report. This is the place that Greece has systematically secured for itself during the recent years, and it is this place that Denmark is now steadily working on obtaining.

Next week, the majority in the Folketing can, if the Social Democratic Party wants to, direct the government to take all steps to have deployment of American missiles in West Europe put off while talks with the Soviets are taking place in Geneva. If the missile debate on Thursday is any indication, NATO will at the same time receive the message that the British and French missiles will be included in the talks, as the Soviets want it to be, and the talks, for that matter, will be interminable if they don't terminate by themselves.

Our allies no doubt will, with interest and some surprise, hear the Danish Government submit the request that NATO revoke its double decision from 1979, because that is what it is all about. At that time, the alliance decided to try to redress the power balance in Europe after the Soviet missile rearmament--with negotiations on limitation of the Soviet forces to a more acceptable size or by deployment of American missiles as counterbalance and most like by a combination of the two. Now the majority of the Folketing wants only the negotiation decision to be in effect.

During these 4 years, NATO has negotiated and worked on the basis of the prerequisite that the implementation of the 5-year missile program should start at the end of this year when it was to be ready--if in the meantime definite progress in the talks between the United States and Soviets has not taken place. There was to be a form of pressure on the talks, and this strategy is being

confirmed in unison by the NATO allies at every given opportunity. At the end of 1983 stock was to be taken of the negotiations to see how much the Western missile program could possibly be reduced.

The end of 1983 is not next week. It is not now but in half a year that NATO will have to think over its position. It is now, however, that the talks are approaching the final phase, and from each viewpoint it is at the wrong moment that the Folketing wants to advocate an unterminable postponement of the missiles. Good advice from the country in the alliance that has the least difficulties in this case will be considered cheap or nearly indecent.

9583
CSO: 3613/121

SOCIALIST DEFENSE SPOKESMAN LASSE BUDTZ TF STAND CRITICIZED

Copenhagen BERLINGSKE TIDENDE in Danish 27 May 83 p 16

/Article by Lasse Budtz, MP (Social Democrat): "There is Logic in Our Policy"/

/Text/ The contribution by architect Ole Pagels in the BERLINGSKE TIDENDE on 28 May under the headline "The Social Democratic Party Is Irresponsible" demonstrates a certain ignorance about the Social Democratic Party's foreign policy and therefore it might be a good reason to give the architect and other readers of the paper a few guidelines which they are unable to get by reading reports by BERLINGSKE TIDENDE or editorials.

The Social Democratic Party would only run away from its responsibility in Danish foreign policy if we in the Parliament did not live up to what the party stands for and is confirmed by the parliamentary group less one member (plus one assigned Greenlandic member who may be presumed to have very special motives) plus the party's executive council. We cannot say one thing here and another someplace else.

But here enters the essential thing, namely that we would find it irresponsible if we did not try to be of use in the disarmament efforts. We feel that disarmament is too important a matter to leave to the superpowers. We are in fact quite convinced about their desire in this direction, but we want other means than the government has brought into use, for by doing nothing, nothing happens anyway.

As was maintained during the debate in the Folketing on 26 May, we are not putting a question mark to Danish participation in the NATO cooperation as we cannot see any other alternative for Danish security policy. But we do not want to be like sleepwalking participants accepting everything that comes from NATO only because it comes from NATO or our biggest ally, the United States, with which we, for that matter, have so much--and all so very good--in common.

Moreover, we want the traditional, broad cooperation in Danish foreign policy protected, and on many occasions we have maintained that strongly in the Parliament just in order to persist in that in all other areas of Danish foreign policy where we agree--which is definitely 90 to 95 percent of the comprehensive Danish foreign and security policy.

But in the area of nuclear weapons, the current government does not follow the foreign policy purused by the earlier social democratic government, which is underscored by the fact that already on 27 November 1979 the former foreign minister, Henning Christophersen, said "now for the first time in many years, a Danish government has clashed with the opposition on a crucial foreign policy and security issue." This was in connection with reservations of the government at the time over the double resolution which we first staved off in order to give the negotiations another chance.

In other words, there is a logical continuity in the Social Democratic Party's foreign policy and our position should therefore not take anyone by surprise. There is not, as Pagels indicates, any fluctuating course involved but enough about aggravation as a result of the development. After all there is nothing that is static in foreign policy, as is well known.

The strongly critical position held by the Social Democratic Party on developments in Poland--which has been expressed on numerous occasions--ought also to be well known to anyone who wants to study Danish foreign policy further, and it was again expressed during the debate in the Folketing on 26 May. This critical position is shared by the government. On the whole, however, the aforementioned debate underscored paradoxically that we and the government hold the same position in numerous areas and it seems to us that we should to a still higher degree try to concentrate on what unites the government and the largest opposition party rather than on what separates us.

Finally, I just want to add that not in our wildest fantasy did we believe that the government would not abide by the position taken by the majority in the Folketing, as expressed in the resolution which was passed on 26 May. This is a very serious declaration which will, of course, be respected by an honest democratic state as is Denmark. To call it political teasing and spite is--pardon me--a worthless characteristic in handling such a serious matter. I also think that architect Ole Pagels, whose honest motives I do not doubt, will admit deep down that I am right.

9583
CSO: 3613/121

BUDTZ DEFENDS SOCIALISTS' STAND ON MISSILES, ARMS TALKS

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jun 83 p 9

/Editorial: "Denmark Plays Waiting Game"/

/Text/ Chairman of the Social Democratic Party Lasse Budtz yesterday gave a lesson in how simultaneously to keep flour in the mouth and blow, and he stood there as the great Pjerrot of Danish foreign policy, silly and covered with flour.

First he blew forcefully in the Folketing's missile debate with a resolution that was to turn Danish and Atlantic policy upside down before the Geneva talks, and then he spit out his pound of flour over the whole thing by a guarantee that the Double Resolution of 1979 was of course in effect as the basis for the policy purused by NATO and Denmark.

It is unfortunate that the leadership of Denmark's largest political party wants to put its name and recognition to such an idea. For more than 30 years after the war, the Social Democratic Party was a responsible and serious party, both in and outside the government, in all affairs that dealt with Danish security policy. During his last half year in the opposition, the party's leadership has wasted its foreign policy solidity in a silly game with high political viewpoints, and the presentation yesterday was the high point of his debauchery.

The Social Democratic Party got a majority in the Folketing to direct the government to propose in the NATO council as Denmark's request that the whole pattern of talks with the Soviet Union be reorganized; all preparations for deploying Western missiles 'll be put off indefinitely even though the Soviets have almost installed all their missiles; the Soviet demand that the British and French missiles will now be included and shall be accepted forthwith; and the talks will be made interminable by combining the discussions of tactical and strategic weapons--the intermediate-range missiles from the INF talks and the intercontinental missiles from the START talks. These are requests which unsettle the whole foundation of the Western negotiation plan in Geneva and it is nonsensical and futile to submit these requests to the North Atlantic Council at this late date as Danish policy.

The government could have refused, on good grounds, the responsibility of carrying forth this expression of opinion from the Folketing to our allies in NATO. The government's lack of political insight and coehsiveness is degrading

for our international prestige. But when the government was guided by the Social Democratic Party's definite guarantee that it will be perceived as having no consequences on Denmark's loyalty to the Double Resolution and the membership in NATO, the government's resignation and an election now would have given too serious an impression of a party political high point at this time. One can only hope that our allies will realize that it was only Pjerrot who was duped while waiting.

9583
CSO: 3613/121

REMOVAL OF SUPERFLUOUS U.S. NUCLEAR ARMS FROM EUROPE URGED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Jun 83 p 7

[Article by Guenther Gillessen: "Half of U.S. Nuclear Weapons Would Be Enough; NATO Could Do Without a Large Part of the Nuclear Battlefield Weapons; Ruins of an Outdated Strategy"]

[Text] Perhaps 3,000 U.S. nuclear weapons in Europe, half of the present stockpile, have become superfluous and could be removed without harming West Europe's security. That is the opinion of many officers who are serving or have recently served in high and highest Bundeswehr or NATO positions. What they are referring to are the relatively small short-range nuclear weapons. This category of relatively small nuclear weapons is not to be confused with the intermediate range weapons that are the subject of the NATO dual decision and of the Geneva INF negotiations.

A recent editorial (FRANKFURTER ALLGEMEINE of 6 June) asked for consideration of the idea that reducing the smaller nuclear weapons by one half could facilitate the stationing of intermediate range weapons--if the reduction is sufficiently explained to the public--in case the attitude of the Soviet Union at the Geneva disarmament negotiations makes the stationing necessary.

The proposal to remove half of the U.S. nuclear weapons now stockpiled in Europe--if necessary even unilaterally without Soviet quid pro quo--does not signify advocacy of a general abolition of nuclear weapons nor of unilateral disarmament. The removal should apply only to the excess of small nuclear weapons. The quantity that is no longer needed cannot be determined arbitrarily but depends on the mission. These weapons are to deny the adversary concentrations of large numbers of troops in a small area, concentrations that are necessary to carry out a breakthrough attack.

Prior to the introduction of small nuclear weapons in the Western defense option, the then rather small Soviet divisions were stationed

in small areas, of about 10 square kilometers each. On account of the Western nuclear weapons, the strength of the divisions grew to more than twice this size in the meantime and they were spread out over an area 60 times that of the original area. Troop density changed from the former average of 500 men per square kilometer to the present approximately 20 men. In other words, the short-range weapons forced the Soviet Union to spread out and disperse its shock divisions.

The presence of nuclear weapons exposes all sizable troop concentrations to a high risk of destruction. If they wanted to attack in the dispersed formation, then they could be more easily stopped by conventional means.

The large quantity of the original 7,000 U.S. nuclear warheads in Europe--in 1980 1,000 of them were unilaterally removed by NATO without much fuss--is a relic of the strategy of the early sixties. Up to that time, the Western alliance had based its plans on the consideration that the Soviet troops with their great superiority in conventional forces could be fought by NATO with the help of the small nuclear weapons. As a matter of fact, the Soviet Union at that time could not even consider to check a local Western nuclear weapons commitment with a Soviet strategic nuclear threat against the United States. However, they reached that point by the end of the sixties. NATO had to change its strategy from the threat of "massive" retaliation to a "more flexible" defense, according to the principle that commitment of nuclear weapons should be considered only for extreme cases. Since then, nuclear "battlefield weapons" can no longer be regarded as a cheap stopgap measure, as a continuation of the artillery with other means. The assessment of the short-range nuclear weapons as "tactical" weapons was, of course, a misconception from the beginning. But when this misconception was removed, the parliaments of the NATO countries failed to expand conventional means for "flexible" defense. That is the reason why the NATO commanders were forced to retain the stockpiles of battlefield weapons contrary to the new strategic doctrine.

Recently the possibility has developed for considerable improvement of conventional defense capability without increasing the number of western troops merely through the increased effectiveness of the weapons and through progress in their electronic control and guidance. The technical journals now state with increasing frequency that practically all goals at one time assigned to short-range nuclear weapons can now be met with the same effect but with less attendant damage and therefore with greater "credibility" by new conventional weapons and this without running the risk of nuclear escalation.

In the meantime, conventional systems have been developed for dropping a mine field in the path of an approaching tank attack or for blocking the runways of airfields. There are weapons for

reliable destruction of point targets, such as bridges and crossroads deep in the deployment zone and of the concentration areas for second and third waves of the followup attack divisions. Assuming procurement of these weapons in sufficient numbers, NATO will be able to do without most of the smaller nuclear weapons without risk to security. Even now NATO can do without many hundreds of nuclear shells for the 155 and 203 mm artillery howitzers in the army brigades and divisions. These weapons have a range of only 20-30 kilometers.

In the judgment of respected officers with experience in top command positions, it would suffice if the NATO ground forces would retain only one short-range weapon in reserve, the "Lance" rocket (range: 100 kilometers, soon 200 kilometers) and that only in the corps artillery. In addition, a second type of ammunition, a conventional warhead with modern cluster weapons, could be developed for the "Lance." With the introduction of the "Patriot" air defense system to replace the "Nike" system, the entire NATO air defense also could once again become conventional. As regards the nuclear mining and barrier weapons (ADM), the opinions are not unanimous. These weapons have some disadvantages but they have the political advantage that, once they are set up and armed, they are activated not by the defender but by the attacker and thus it would be the latter who must make the fatal decision to cross the "nuclear threshhold."

Roughly 60 percent of the U.S. nuclear weapons potential in Europe are short-range weapons with ranges of a few kilometers. The other part are weapons that are kept in readiness for rockets such as Lance and Pershing I and for fighter-bombers (F 104, F 4) with ranges of between 100 and 1,000 kilometers. The purpose of these systems is to seal off the battlefield from the other attack waves that are deployed behind the lines and expose themselves during an advance and to paralyze the enemy air force.

The battlefield nuclear weapons, especially the large number of nuclear shells, can first be dispensed with. Their presence is also politically not desired. For the small nuclear weapons suggest the idea that NATO considers it as possible to fight a war with nuclear weapons that can no longer be carried on with conventional weapons. As a matter of fact, Western nuclear weapons have never had this purpose. They were rather designed to force the enemy to a form of deployment and to the choice of warfare in which it could be fought with conventional weapons with good prospects of success. The operational deployment of small nuclear weapons is to be understood primarily politically, as a final political signal to stop, as an emergency brake of war. This meaning is being obscured when warheads are available in such quantities that the enemy--and more importantly--also the friend, namely one's own population, misinterpret the presence of small nuclear weapons as suicidal

readiness on the part of the West for a nuclear war of total destruction.

Reassuring one's own population is one of the most important components of a policy that is to deter a nuclear-armed adversary such as the Soviet Union from an attack and that has to assume the task of this deterence for a long time. Such a reassurance and maintenance of the domestic political self-confidence demands a balance of the military means per se and in relationship to a peaceful foreign policy. This balance makes it credible. Thus there is hope for continued success in maintaining the treasure of political self-determination and avoiding the danger of a nuclear conflict.

The proposal to reduce the U.S. warheads in Europe by about one half must also be seen within its limits. It must not be expanded perhaps so far that an attacker should feel free of any nuclear risk on the battlefield or in the concentration areas. A minimum of small nuclear weapons must remain to maintain the necessity for dispersed deployment. This minimum quantity must not be too small. It ought to be a number of sufficient size and variety, so that an attacker does not have reason to hope that he can neuralize all of them by a surprise attack.

Furthermore, the proposal to reduce the quantity of short-range weapons unilaterally by one half must not be interpreted as the beginning of further unilateral disarmament or even as renunciation of the deployment of intermediate range weapons. The reverse is intended. Excess battlefield weapons, these ruins of the outdated strategy, may now be removed because the task of the nuclear weapons can now be reduced to sealing off the battlefield from the rear areas of reinforcement and there, too, a rather small number (572 intermediate range systems) are regarded as adequate.

Such a decision would not even be new. In 1980, NATO unilaterally removed 1,000 small, allegedly "obsolete" nuclear weapons and thus reduced the total number from 7,000 to 6,000. Of course, one's own population deserves a better presention of a second reduction than occurred in 1980. It would help disprove frequently held ideas that Western security policy cannot think of anything better than continuing to stockpile more nuclear weapons. A reduction could also help calm the danger frequently fantastically overestimated by laymen of the triggering of a nuclear war because of misunderstanding, false alarm, accidents, panic or the supposed arrogance of military commanders.

Some reply ought to be made to correct the argument of the adversaries of nuclear defensive weapons that such a removal actually concerns only obsolete and outdated weapons and therefore was actually worthless. For example, obsolete weapons are usually replaced by modern ones. Thus NATO renunciation of modernization of

"obsolete" short-range weapons at any rate means real disarmament. This way NATO demonstrates that what it plans and does is not exactly an "arms race" even though its adversaries call it that but a restriction to what is necessary. A drastic reduction of the nuclear battlefield weapons would also signal that NATO wants to avoid under all circumstances early deployment of nuclear weapons and raises the "threshold" just high enough that a limited aggression can be warded off by conventional means but that anything that goes beyond that would have to require a large amount of preparation and effort from the attacker, so that "misunderstanding" or "accident" would be out of the question. Thus the defender's nuclear weapons would inevitably be called into action to prevent any further advance.

12356
CSO: 3620/376

STATE SECURITY DIRECTOR ON ZEN PLAN IN BASQUE COUNTRY

Madrid YA in Spanish 2 Jun 83 p 15

[Text] Pamplona--"The only thing to be negotiated with the ETA [Basque Fatherland and Liberty Group] is where and how they are going to turn over their weapons," said State Security Director Rafael Vera, after his meeting with the Navarra authorities, to whom he explained the features of the Zen [Special Northern Area] Plan, and how it would be applied in the region.

Rafael Vera made special note of the investment which is going to be made to improve the Civil Guard's barracks and installations, "which in this area are in a subhuman or third-world type condition." The plan anticipates an expenditure of 2 billion pesetas, which will also be used to renovate the quarters of the National Police and the building occupied by the Pamplona Police Headquarters, as Maria del Carmen Llamas reported. One of the results of the conversation between the director of security and the members of the regional deputation has been the creation of a joint commission to follow up the issues in the plan, as well as another commission to study "soonest" those subjects which because of their importance ought to be included in the ZEN, or should affect it.

Regional deputy Angel Lasuncion asserted that "we thought the plan was effective and appropriate to the Spain of today: a state under law, and a democracy," and that it was not a plan of "repression against repression," but rather one for the defense of the citizens against the phenomenon of terrorism.

However, Rafael Vera pointed out that the ZEN was not a panacea to finish off terrorism. "It will have to be applied and improved over the course of time."

In a press conference with the Navarra information media, the director of state security was forthright in his stand upholding political measures which it would be appropriate to use as an alternative to police action. "This is borne out by the fact that the government has been using political measures for a long time, and the Basque Statute is already 90 percent completed. This plan works against the terrorists, and helps prevent their danger to the citizens' security."

In regard to some interpretations of the contents of the plan, particularly the one which referred to the clothing which the terrorists usually wear, Mr Vera explained that "naturally there is no typical ETA uniform. It so happens that when they are in action the terrorists usually wear a windbreaker, jeans and sport shoes, and this information should be taken into account."

8131
CSO: 3548/437

SAN SEBASTIAN VIOLENCE AGAINST ZEN PLAN

Madrid YA in Spanish 2 Jun 83 p 10

[Article by C. Muro]

[Text] San Sebastian--Early yesterday afternoon several incidents took place in San Sebastian when a group of individuals who were taking part in a demonstration against the ZEN [Special Northern Area] plan had a confrontation with the police. This demonstration, protesting the plan drawn up by the Ministry of the Interior, had been convened by the Jarrai youth organization, which is linked to the Herri Batasuna [Popular Unity] coalition. Approximately 300 persons gathered on the San Sebastian boulevard. At the head of the march was a banner on which could be read in Basque: "Zen Plan goes against youth."

The demonstrators passed through several central streets of the Guipuzcoa capital without any incidents taking place. They shouted slogans against the police and in favor of the alternative KAS [Patriotic Socialist Coordination]. However, when they ended at the place they had started from, that is, on the boulevard, which is located only a few meters away from the military governor of Guipuzcoa's office, the demonstrators began to shout insults at the public order forces and to throw stones at the National Police forces, who then proceeded to shoot rubber bullets to break up the gathering. Chases took place, and traffic in the area was interrupted for a few minutes. It afterward returned to normal. No injuries were recorded in those incidents, and there were no arrests.

At the end of his stay in Pamplona, the director general of state security, Rafael Vera, declared that "what must be negotiated with the ETA [Basque Fatherland and Liberty Group] is where and how they will turn over their weapons," and he stated that the attitude of the Navarra government authorities is one of "full cooperation" in giving assistance, so as to put the Special Northern Area Plan into operation, as Julian Oroz, our correspondent in Pamplona, informed us. Mr Vera, who met with the leaders of the Regional Deputation, or government of Navarra--with the government delegate in Navarra, Mr Roldan, also present--stated that during the meeting a wide-ranging presentation had been made about the political-social, creative, informational and psychological scope of the phenomenon of terrorism; and there had been an interchange of opinions and ideas. He also stated that a joint commission of the central administration and the regional Navarra administration had been created to

establish a follow-up system for the special area plan, and to study everything that should be included or changed in it.

In his turn, regional deputy Angel Lasuncion, a member of the joint commission from Navarra, praised the plan, and congratulated Mr Vera for drawing it up. Mr Lasuncion said that "we think the plan is effective, and appropriate for the Spain of today. It is not a plan that answers repression with repression."

On the other hand, Mr Vera declared that the Special Northern Area Plan establishes a table of the relative degrees of danger in the four Basque provinces, in which Navarra comes in last. Guipuzcoa is first, followed by Vizcaya and Alava. Of the 15 billions to be invested in the plan, 3 billion will be alloted to Navarra.

Confrontation Between Police and Demonstrators in Pamplona

Incidents involving violence between small groups of demonstrators and forces of the National Police took place in the early hours of the evening yesterday in Pamplona. Groups of youths belonging to the "Jarrai" organization blocked the streets with cars in the old city center, and threw "molotov cocktails" at police vehicles which were patrolling the area. One of the explosives struck a sedan parked in the area and enveloped it in flames, completely destroying it. The National Police made charges with anti-riot equipment, and fired rubber bullets. Many youths were chased by the police.

8131
CSO: 3548/437

KNOOPS ON NATURAL GAS IMPORTS, NUCLEAR ENERGY

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 3 Jun 83 p 2

[Text] The Hague, 2 Jun--For the time being Belgium will not supply cheap electricity generated in nuclear power plants to the Netherlands. Currently, Belgian electricity is exported only at a price that is calculated on the basis of production in generating stations operating on oil. Even after 1987, when the proportion of nuclear energy in Belgian electricity consumption will have risen to 60 percent, the Belgians will not offer the Dutch electricity at cheaper rates, but at prices that are based on production in generating stations powered by coal. There has been no talk about an exchange of electricity from Belgium for Dutch natural gas, stated the Belgian Secretary of State for Energy Etienne Knoops, in a conversation with the Amsterdam newspaper HET FINANCIELLE DAGBLAD. He avoided the question of whether this will be the case in future, pointing out that he will see the Dutch Minister of Economic Affairs van Aardenne in mid-June on the occasion of the upcoming meeting of energy ministers.

On this topic, a spokesman of the Belgian natural gas company Distrigas said to the Dutch newspaper that an exchange was desirable in principle, as long as the quantities, the timing and the economic conditions corresponded to the requirements of the Belgian natural gas market and could be fitted into the supply policy of Distrigas. The spokesman answered the question whether Belgium was still entertaining its wish to receive additional Dutch natural gas in view of declining natural gas consumption with a reference to the fact that the Belgian natural gas market consists of two separate networks, of which one is supplied with natural gas from Slochteren in in the Netherlands.

In order to supply this part of the market in the future, the network either had to be converted to high-calory natural gas or more gas would have to be purchased from the Netherlands after the expiration of the current term of the existing treaty with the Netherlands. What would actually happen and when it would happen, depended on the development of the market, which would decide the termination of natural gas purchases from the Netherlands. As the spokesman added, discussions between Knoops and his Dutch counterpart about possible natural gas deliveries from the Netherlands, instead of from the Soviet Union, had not brought about the desired success. A short time before, both the Netherlands and Belgium decided to give up their natural gas purchases from the Soviet Union. The term of the current natural gas treaty between the Netherlands and Belgium lasts until 1996, according to which Belgium can receive the contractually agreed upon total volume of gas by an earlier date.

Knoops showed evidence of interest in additional natural gas purchases from the Netherlands only if the Netherlands offered a "competitive" price. The import prices of natural gas rose last year by over 50 percent, more steeply than those of petroleum. The electricity companies and major industrial consumers in Belgium reacted to this with a sharp reduction in their gas consumption. In electricity generation, consumption dropped 60 percent in 1982. The proportion of natural gas in total electricity generation in Belgium fell to less than 10 percent, while in 1979 it had been one-fifth. Among the major industrial consumers the decline amounted to 28 percent, compared to 1981. The share of oil in the generation of electricity declined from 34 percent in 1979 to about 25 percent in 1982. About 60 percent of Belgian electricity was produced with solid combustibles and nuclear energy. Four years previously it had been 45 percent and in 1973 it was only 15 percent. Supplying Belgium with primary energy has changed radically in the years since 1973.

As Knoops added, nuclear energy is of great economic importance for Belgium. It is cheaper, guarantees an energy supply, offers the possibility of fuel supplies for 1 to 2 years and it is of great importance for the supply industry. Costs for nuclear power plants consist about 80 percent of capital costs. Knoops revealed that in 1985 and 1986 new nuclear energy units will come into operation in Belgium, so that after 1987 some energy can be exported. Nuclear energy's share in total electricity production will have risen from 32 percent in 1982 to 60 percent. Nuclear energy's share is currently about 40 percent.

According to Knoops, the consumption of hard coal in electricity production rose from 22.6 percent in 1979 to 32.2 percent last year. The coal consumption of the electricity companies increased in the last 4 years from 4.6 to 6.4 million tons. At present about two-thirds of the total coal consumed in Belgium is imported. Efforts are being made to keep domestic coal production at a level of 6.5 million tons, even if this costs many billion Belgian francs in subsidies. Last year the coal mines that suffered losses received subsidies in the amount of 8 billion Belgian francs.

According to figures from the secretary of state, the value of Belgian energy imports rose in 1982, compared to the previous year, by 21.5 percent to 337 billion Belgian francs. The volume of imports decreased. This development has to be attributed to monetary exchange variations, according to Knoops, and to adjustments in the natural gas agreements, in which the price increase was the most obvious. Even the monetary exchange rate adjustments referred mostly to Dutch natural gas. High import costs were also influenced by the expensive natural gas from Algeria, which has been supplying Belgium since 1982. The import price of natural gas, 80 percent of which Belgium has been receiving from the Netherlands, rose by 53 percent in 1982, from 4.74 Belgian francs/m^3 to 7.3 Belgian francs/m^3. In 1973 the import price was still 0.58 Belgian francs/m^3. The price index for natural gas (1973 base = 100) was 1,250 in 1982 and for petroleum it was 1,088. Net imports of natural gas declined in 1982 by 10.5 percent to 8.6 billion m^3, of which 6.8 billion m^3 came from the Netherlands. In 1979 total natural gas imports were 12.6 billion m^3, of which 10.4 billion m^3 came from the Netherlands.

Concerning the natural gas treaty concluded in 1981 with Algeria Knoops said that Belgium wanted to review it, concerning both the volume and the price. The treaty had been concluded at the time because the Dutch government at the time was not

prepared to offer the prospect of new delivery agreements. For the same reason, Belgium had signed a treaty with Norway for the delivery of about 2 billion m^3 of natural gas annually. Knoops did not want to make further statements about the treaty with Algeria. According to various publications it involves a 20-year agreement, the terms of which involve an obligation to take 2.5 billion m^3 LNG [Liquid Natural Gas] annually until 1986, and after 1986 5 billion m^3 LNG. The price is said to be $4.90 per million BTU (1 British Thermal Unit = 0.25209 kilocalories). The Algerian natural gas is to be delivered to an LNG-terminal in Zeebrugge, whose construction is to begin at the end of 1985. Currently the liquid gas is arriving at the French port of Montoire (Brittany), which is a very expensive intermim solution for the Belgians. It is assumed that the terminal in Zeebrugge will not be completed until 1987.

According to the spokesman from Distrigas, Belgium imported 78.5 million gigajoules of natural gas from Norway in 1982 and 13.2 gigajoules from Algeria. He confirmed the 20-year term of the treaty with Algeria and the obligation to take 2.5 billion m^3 by 1986 and the progressive increase after that to 5 billion m^3 annually. As he said, the annual amounts had been reduced by one-half at the renewed negotiations in 1981, and Distrigas was currently trying to adjust present amounts to sales possibilities as best it can. The agreement with Algeria does not provide for price negotiations until 1985, which will then have to take into account the special parameters of the energy market and the position of natural gas in the Belgian energy market. According to the speaker, a possible further reduction in the import of Algerian natural gas will not have the effect that more natural gas will have to be brought in from the Netherlands. Dutch and Algerian natural gas have totally different chemical compositions, so that there is no connection between the imports on the basis of the two agreements.

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COAL CONSUMPTION, DELIVERY FOR 1982-1983; FORECAST FOR 1983-84

Paris COMBUSTIBLES ET CARBURANTS in French Apr 83 p 6

[Article: "Coal: National Coal Trade Committee"]

[Text] The National Coal Trade Committee (NCTC) met on 21 March 1983 under the chairmanship of Mr Le Guillou, president of the CDF Energie [French Coal Mining Company--Energy]. Among those present were delegates from the coal trade, importation, coal compressing, and wholesale and distribution businesses.

On this occasion, a sweeping review of coal marketing for home use was made, and it appears that for the first time in many years coal consumption in the residential and non-industrial sector was slightly higher during the 1982-1983 season than during the previous one.

This relative optimism must be tempered by the fact that the 1981-1982 season had been especially poor; however, it seems that an upturn in the decline of consumption has already started, and one can hope that a relatively irreducible level of consumption has been reached.

A steady level of coal consumption will be all the more certain if at all levels, from producers to distributors, delivered products are high quality and remain reasonably priced, taking into account heating capacity and prices of competing fuels.

For the next 1983-1984 season, the producers' delivery forecasts meet the requirement estimates of the regional trade Committees, which amount to 3.7 million tons, and this applies to all coal types, in spite of some worries that one may have had, particularly for smokeless compressed coals.

It is quite obvious that demand can be satisfied only if coal-compressing plants work at full capacity and this requires that shipments be made properly during the summer.

The new price list which takes seasonal variations into account should make sale distribution easier.

At the end of this meeting, it appeared that for the next 6 or 7 years the HBNPC [North and Pas-de-Calais Coal Field Mines] should face a tonnage decline of approximately 6 to 8 percent on the average, while coal-compressing capacities

should remain unchanged until about 1990: all this is reassuring news for the coal trade, all the more so since the importation and coal-compressing sectors, well aware of their responsibilities, are doing their best to meet the demand.

Table 1. Residential and Non-industrial Sector (FDPI) [expansion unknown] 1983-1984 Season--Producers' Delivery Forecasts

SECTEUR RÉSIDENTIEL ET TERTIAIRE (FDPI) ! CAMPAGNE 1983-1984 !

Prévisions de livraisons des Producteurs

(1)	(2)		(3)		(4)	(5)	(6)		(7)	(8)
	(9)						(10)	(11)		
			+ 20	- 20						
Nord Pas-de-Calais		10,00	281,70	286,50	584,20	19,80	374,50	570,50		1 499,00
Lorraine	5 520,0***				520,00	55,00				575,00
Centre-Midi (12)	78,40	115,80	38,30	176,30***	478,80	30,80	177,00			686,6
BASSINS (13)	800,21		520,00	482,80	1 583,00	105,60	501,50	560,50		2 760,6
AGGLOMERATION HORS MINE IMPORTATION :							110,00	150,00		300,0
- Houille, coke (14)	60,00	10,00	430,00	140,00	710,00	5,00	50,00	50,00	180,00	1 005,0
briquettes, agglomérés dont (pays tiers (15)			110,00	70,00	170,00	0	0	0	0	170,00
Ceca (16)	60,00	10,00	320,00	70,00*	540,00	5,00	50,00	50,00	180,00	835,00
TOTAL TONS PRODUCTEURS.	870,20 *		750,00	602,80	2 223,00	190,60	661,50	770,50	180,00	3 945,60
Besoins estimés par les C.R.P.C.	770,16		757,28	553,48	2 080,52	83,66	698,63	744,28	134,75	3 703,82

* dont 40 de 6/10

** les disponibilités des HBL seront très supérieures à celles qui figurent ci-dessus et permettront de couvrir tous les besoins supplémentaires qui se manifesteraient.

*** non compris 149,9 KT de fines des Mines libres du Dauphiné.
non compris 9 KT de produits secondaires.

Key:
1. In thousand tons
2. Bituminous and semibituminous coals
3. Subbituminous, lean coals and anthracites
4. Total pit-coal
5. Coke
6. Compressed coals
7. Lignite briquettes
8. Overall total
9. And by-products
10. Untreated
11. Smokeless
12. Center-South
13. Coal fields
14. Coal-compressing outside mine, imports: pit-coal, coke... briquettes, compressed coals from Third World countries... ECSC [European Coal and Steel Community]
15. Total all producers
16. Requirements as estimated by the RCTC's [Regional Coal Trade Committees]

*Of which 40 are 6/10

**Coal availability from the HBL [Lorraine Coal Field Mines] will be much higher than the above figures and will make it possible to meet all extra requirements that might occur.

***Not included: 149,900 tons small coals from the Dauphine Mines, Not included: 9,000 tons by-products.

The above table summarizes delivery forecasts, by coal type and by producer, on the basis of estimated requirements.

Table 2. Consumption Estimates for the 1982-1983 Season

Seasons	Percentage	Shipments in million tons	Stock fluctuations at the yards	Actual consumption in million tons	Consumption in average winter in million tons	Percentage Difference from previous season
1980-1981	105	4.30	-0.20	4.50	4.40	-8.00
1981-1982	98*	3.67	0.00	3.67	3.70	-16.00
1982-1983	90*	3.63	-0.15	3.79	3.97	7.30

*Percentage of estimated accuracy: at the end of January 1982-1983 season: 85.8
1981-1982 season: 97.4

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CSO: 3519/506

BRIEFS

NEW COAL PRICES--Since 1 April, Charbonnages de France [French Coal Mining Company] has been implementing a new price list for home-use coals. Prices for the North and Pas-de-Calais Coal Field Mines products have been increased as follows: +6 percent for pea coal, +8 percent for bean and nut coals; +10 percent for stove coal, +11 percent for small charcoal, +12 percent for compressed coals. The price of Center-South Coal Field Mines anthracites has been raised approximately 7 to 9 percent while compressed coal from the same coal field goes up 9 percent. Finally, Lorraine Coal Field Mines increase the price of their products approximately 10 percent on the average. At the same time, seasonal variations are planned: they range from negative values from April to August, to zero in September and postive values from October to the end of the season. [Excerpt] [Paris COMBUSTIBLES AND CARBURANTS in French Apr 83 p 7] 12260

PETROLEUM PRODUCTS TAX CHANGES--Mr Max Gallo, spokesman for the government, announced that the Council of Ministers has passed the regulation that changes the domestic consumption tax on gasoline, premium gasoline, diesel fuel and home heating oil. Mr Gallo explained that an increase of the domestic tax charged on petroleum products when they leave the refineries will be in effect during every month in which international prices of these products fall below the February 1983 level. This tax increase will be adjusted according to the fluctuations of international prices, and if these prices again exceed the February 1983 level, no tax would be applied, the government spokesman pointed out. This tax schedule is independent from the annual increase of the domestic tax enacted by the 1983 financial law, which was put into effect on 11 May at 12:00 am. The new tax schedule will be applied for the first time on 21 May 1983 and on that date it will not cause any price increase. [Text] [Paris LES ECHOS in French 13 May 83 p 5] 12260

CSO: 3519/506

SHIPPING, SHIPBUILDING, NORTH SEA GAS ARE ECONOMY LEADERS

Stockholm SVENSKA DAGBLADET in Swedish 27 May 83 p 26

[Article by Karin Henriksson: "Danish Shipping; Good Result After All"]

[Text] Copenhagen--The economic recovery which failed to materialize in 1982 caused problems for the world's shipping--and giant A. P. Moller was not unaffected.

But in view of the circumstances the result was good, concludes the leader of Denmark's largest conglomerate of companies in the annual report to the parent companies Dampskibsselskabet Inc. 1912 and Dampskibsselskabet Svendborg Corporation. "The domestic situation is not quite as gloomy as a year ago," Maersk MacKinney Moller further writes. "Calm and quiet have been restored around the krona and respect for the country is growing in the rest of the world," but, Maersk McKinney Moller stresses, the future prospects are uncertain.

A. P. Moller has over 20,000 employees and more than 100 ships of over 6 million deadweight tons. Ninety-five percent of the activity is abroad. The most important companies are Maersk Line (which operates liner traffic to all continents except South America and Australia), Maersk Drilling, Odense Stralskibsvaerft, Maersk Air, Maersk Data, Roulunds Factories, DISA.

"Of the total 1982 profit of 1 billion, 150 million kronor derive from the oil," says vice information chief Henrik Uhre-Prahl inside the Maersk concrete and glass colossus in Copenhagen harbor.

"Next year production from the Tyra gas field will begin, of which A. P. Moller owns 30 percent and in which it has invested 10 billion," Henrik Uhre-Prahl says and states that according to company policy the location and extent of the continued oil and gas prospecting are secret.

This is in part connected with the agreement with the Danish state in 1980, in which A. P. Moller surrendered its right to the entire Danish North Sea shelf. A. P. Moller has a concession for one percent of the whole area, but it cannot determine which percent until after it has struck oil.

A. P. Moller builds 8-10 ships a year, Henrik Uhre-Prahl further says.

"Our philosophy is to build new ships when times are bad and sell them when times are better. In general it can be said that the fact that we have such a modern and therefore efficient fleet is the explanation for our success," says Henrik Uhre-Prahl, who goes on to say that the group's two "problem companies" Maersk Air and DISA recently achieved better results.

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BUSINESS BAROMETERS IMPROVING FOR FIRST TIME IN THREE YEARS

Stockholm SVENSKA DAGBLADET in Swedish 27 May 83 p 26

[Article by Karin Henriksson: "Denmark; All Curves Point Upward in the Business Barometer"]

[Text] Copenhagen--The sleepy stockmarket has awakened--during the first 4 months of the year as many stocks were traded on the Copenhagen Stock Exchange as during all of last year. Simultaneously, all curves are pointing upward in the latest business barometer.

For the first time since 1979 industrial investments are expected to increase in Denmark. Investors dare trust that their money will again multiply in the companies and not only in the bonds issued by the Kingdom of Denmark to meet its foreign debt payments.

This--perhaps the clearest sign of health in an optimistic Denmark--naturally has to do with the falling interest rates during the last few months. One seems momentarily to forget that it will be some time before it becomes clear just how high the actual interest rates will be this year.

The business barometer compiled by Denmark Statistics for the second quarter also shows that the companies are planning to produce more, that they hope for an increasing volume of incoming orders and that they are planning to employ more people.

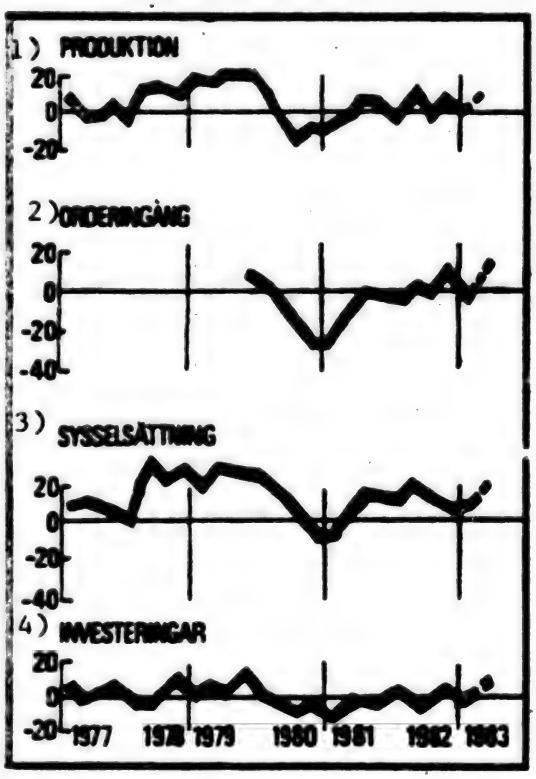
Halved

The crisis of the last 3 years has brought about a drop in industrial employment by 25,000 persons (from 380,000 to 355,000). The worst hit branch of industry is the construction and building materials industry, which was practically cut in half. A certain increase in housing construction was noted in March of this year. To be sure, "one swallow does not make a summer...," says an observer, who nevertheless has difficulty hiding his great satisfaction.

There are 5,500 companies in Denmark with more than six employees. Half of the 2,000 member companies of the Industry Council have fewer than 50 employees.

"From an international perspective all of our companies are small or medium-sized," says Werner Puggard, an economic expert with the Industry Council.

This is precisely what is often stressed as a Danish competitive edge. The companies are flexible and easily adaptable due to their small size. The fact that, with only a few exceptions, there are no heavy basic industries as in Sweden or Norway is also not a disadvantage.



Key: 1. Production 2. Incoming orders 3. Employment 4. Investments

The economic situation in industry indicated in net figures in the Danish business barometer. By net figures is meant the difference between those who replied "higher" and those who replied "lower" in evaluating the economic activity. The net figures have been seasonally adjusted. The curves for the second quarter of 1983 are prognoses.

Despite the much-discussed Danish disease and the bankruptcies which followed it--chiefly due to the circa 20-percent interest rate level--Danish companies have done well in the export markets. World trade has fallen off, as is well known, but the Danes have retained their positions.

"Because the Danish krona is tied to the European monetary system, EMS, our competitive power improved when the dollar exchange rate went up. During the years following the second oil crisis, 1979-80, we have had a positive trade balance, in contrast to most others," Verner Puggard says.

Weakening in 1982

However, during 1982 a weakening took place (exports then grew 1.5-2 percent to 80 billion Danish kronor), and that is blamed on the fact that Denmark's largest trading partner, the FRG, had a weak year, as well as on the next largest market, Sweden, which had a devaluation in October.

"This year we anticipate that the Danish share of the world market will remain unchanged in relation to 1982," Verner Puggard says and also states that industrial exports for the first quarter this year grew by 2.5 percent, which was higher than the average increase last year.

"The recovery is noticeable mostly for investment goods and for chemical products. Further, we have noticed increased demand for consumer goods such as furniture.

The Industry Council anticipates that the export successes will grow at an accelerating rate for the next few years. But one is aware that the growth rate of the 1960's and early 1970's will never return. These words of warning are usually also expressed by the head of the National Bank, Erik Hoffmeyer. Some of the growth from those years could be traced to an expansion and improvement in standard of existing housing and growth in the public sector.

The question is whether Danish exports can outweigh the large deficit imposed by the interest payments for the Danish foreign debt. A financial columnist in BERLINGSKE TIDENDE, Erik Ib Schmidt, has calculated that exports must grow by 16-17 billion kronor annually (with the present oil prices) and then by the same amount more in order the cover the increase in imports caused by the increase in exports....

Favorable Effects

The expansion of the oil and gas fields in the North Sea is now temporarily over. With that, a growth impulse for the economy will disappear, in the opinion of Verner Puggard, but at the same time the oil and gas have other favorable effects. In 1986 half of the energy demand will be met from domestic Danish sources.

In addition to bringing the interest rates down, the little more than 8-month-old Conservative government seems to have succeeded in reducing the inflation rate to 5-6 percent.

But other industrial nations are also doing this. A principal question is therefore whether the large wage increases of the crisis years are over. In this year's collective bargaining (the agreement was signed on 11 March) the

partners had to agree not to exceed 4 percent. The Industry Council, as for example experts in the Ministry of Economics, anticipate a sliding wage scale of another few percent this year.

"The government had staked out the framework for the 2-year settlement that was concluded and this, as well as the fact that the cost-of-living supplements were eliminated by means of legislation, differs from the usual collective bargaining model in the country," says Henrik Bjerre-Nielsen, an economist with Danish LO [Federation of Trade Unions]. For the next wage negotiations Henrik Bjerre-Nielsen predicts that the demands for sharing in company profits and shorter working hours will come up again.

Leisure Time--Standard of Living

"Leisure time is part of the standard of living. The unemployed have 40 hours of extra 'leisure time' each week; it is reasonable that everyone should share in it", Henrik Bjerre-Nielse says.

Open unemployment in Denmark is higher than for example in Sweden, admits one ministry source, who believes that this is partly because productivity has been better developed in Denmark.

"The October devaluation does not seem to have had the major effect we feared, and that surprises us. But it could be too early to say anything definitive," he further states and continues:

"If wage increases are high both in Sweden and Denmark, this seems to work to the advantage of the Danes."

At the Copenhagen Stock Exchange, nowadays housed in an ultramodern building instead of in the old one with the spiralling tower down by Christiansborg, stocks in the amount of 6 million a day are now traded, as against 2 million on the average last year. A certain wait-and-see feeling has been perceived recently--after prices rose uninterruptedly for several months.

What is the reason for the recent optimism in the companies?

"What was previously sought was greater stability in economic policy, and that is what we got. Among other things, the four-clover government is promising not to devalue. By means of wage-restraining measures and economies to reduce the balance of payments deficit the companies are hoping for a continued improvement in the competitive situation," Verner Puggard says.

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CSO: 3650/200

BRIEFS

STATE INDUSTRIAL SUBSIDIES LISTED--The Danish government paid out 13.4 billion Danish kronor in state subsidies during 1982, according to figures received by BERLINGSKE TIDENDE from the Ministry of Finance. The money was distributed as follows: Ship financing: 6.4 billion. Export credits: 2.3 billion. So-called k-loans: 1.5 billion kronor. Negative income tax to agriculture: 0.9 billion kronor. Agricultural support (for modernization, project support, debt consolidation, interest subsidies, support for young farmers etc.): 1.0 billion. Fishing subsidies (structural changes etc.): 0.1 billion kronor. Industrial support (export promotion, product development, development funds, manufacturing loans etc.): 1.0 billion kronor. To this may be added subsidies to the housing sector totalling 16.8 billion and certain contributions via the Energy and Environmental Ministry budget in the amount of 100 million kronor. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 27 May 83 p 26] 11949

LARGE FOREIGN LOAN TAKEN--Denmark, which so far this year has borrowed 1.6 billion dollars on the international market, is concluding the negotiations for the loan of another 560 million dollars. Of this sum, 200 million dollars will be raised on the U. S. market. Officially, Denmark has already satisfied its credit requirements for this year, but with the easing of the credit market that has taken place one is now trying to find more favorable loan opportunities. [Text] [Stockholm DAGENS NYHETER in Swedish 26 May 83 p 12] 11949

CSO: 3650/200

PROBLEMS, FUTURE OF AUTOMOBILE INDUSTRY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 11 Jun 83 p 15

[Article by Gerold Lingnau: "Between Catalysts and Robots--the Auto Industry during the 1980's"]

> [Text] What is the difference between Carl Benz' first car almost 100 years ago and the 24 million passenger cars which today populate the FRG? Exactly 23,999,999 cars. That is not a stupid reply to a smart question. Simple statistics make everything clear: The curse and the blessing of the car, the wheel tracks of a long, progressive development, technical progress in design and production, and the difficult balance of quantity and quality.

When the invention of Carl Benz in 1886 wheezed stinking and puffing through Mannheim, its exhaust gases were as yet unable to cause any damage in the streets of this Baden city. Today, softly and each car for itself much more environmentally safe, thousands of vehicles are on the move from early in the morning until late at night in that city and they increase every problem a hundred times over merely by their numbers. No other object, which everybody needs, causes as much uneasiness as the car of the 1980's. Accidents, acid rain, noise pollution, lead, asbestos, surplus production capacities and the rule of robots--the arguments and emotions come flying from all sides like arrows. And anybody who thinks in strictly objective terms must also ask serious questions. How much more does the auto really contribute to the damage of our environment? How can one make it cleaner and safer without making it unaffordable? Will Germany in the future at all be able to have an auto industry which can stand up against competition on its own? Will it not leave the land with the fully-automated "ghost factories" and leave tens of thousands of unemployed behind? What is all this high-tech, what is all this intelligent design still worth in the future?

Right now the accent is on consternation about the death of the forests and the search for its causes. Did we go too far with our mobilization? Have we finally arrived at the straw that broke the camel's back? Or is the auto being suspected unfairly here? The fact is that exhaust gases do have harmful effects--at least theoretically also upon our forests. And it is true that we must not lose any more time with long investigations. Engineers, scientists, and economists naturally are equally dissatisfied with the drive for

costly measures without an accurate knowledge of the quantitative and qualitative interrelationships. But do we have another choice? The time spent on hit-or-miss cost-benefit studies can inflict final lasting damage on nature. Right now it is uncertain whether the air purification race--above all also on stationary plants--can still be won with the progressing damage being done to nature. And even if the research results of the day after tomorrow (a theoretical example) should prove that volcanic emissions of sulfur dioxide caused all this acid rain, nobody nevertheless could clear us of the charge that we did not act today in the light of our present knowledge.

What does that mean in practical terms? The issue here is the adoption of the strict American and Japanese exhaust provisions in Europe. They presuppose the use of catalysts [catalytic converters] and unleaded gasoline. We know from the lessons learned by the countries that went that route that this way is expensive. The car buyer, it so happens, not only has to pay additional money for the catalytic converter with four times the D-Mark amount. Additional fuel consumption is also unavoidable, as is increased crude oil use in the refinery. On top of that we have the fact that the mineral oil industry must first of all build up production facilities for unleaded gasoline and the sale of this additional type of fuel at the expense of high investments and considerable costs.

The German auto industry--and who should be surprised at that?--first of all resists the idea of adopting the American regulations, sight unseen. It can of course meet those requirements in technical terms because after all it is shipping cars overseas--although not every maker and, if at all, not every model. But, in the opinion of engineers, before we take the expensive step toward unleaded gasoline, there are other possibilities which can take effect immediately and which do not cost anywhere near as much. An example here is the reduction in nitrous oxides which are suspected of being involved in damaging our forests: Because they come out of the exhaust pipes in particularly large volumes, when the other two major noxious substances called carbon monoxide and (unburned) hydrocarbons account for the smallest share, it would be possible, already by means of a coordinated change in the required boundary values, to do something about reducing the nitrous oxides, specifically, by "giving some slack on the line" for the other two.

Go It Alone on Exhaust Gas Decontamination?

Promoting the sale diesel cars would be one way of providing, on the whole, reduced harmful substance emissions. Their exhaust gas is much cleaner than that of internal reciprocal combustion engines, although it may look like the exact opposite at times. The solid substance expulsion, in other words, the optically so spectacular soot coming from diesel cars, could be brought under control by means of filters which in the meantime have almost reached the series production stage. But, regardless of what we do for the diesel engine: In short-range terms, its share in the passenger car inventory cannot be increased drastically. The internal reciprocal combustion engine predominates with its more difficult requirements regarding exhaust gas decontamination and immediate measures must thus be taken primarily here. All efforts (particularly successful in recent years) aimed at making cars more economical in terms of

gasoline consumption by the way also helped when it comes to environmental protection. Something which is not burned up in the first place cannot leave any harmful substances behind either.

Switzerland has just resorted to another possibility: Legislation in that country tried, through requirements for waste gas purity, to get just about to the point beyond which catalytic converters are unavoidable. Whether the resultant harmful substance mixture is really optimal is something we cannot tell as yet. Disadvantages in the form of increased gasoline consumption and poorer engine performance however are the price which must be paid now by anybody who buys a new car.

Switzerland issued its regulations on a go-it-alone basis without European coordination. Only Sweden has been thinking in similar radical terms until now. The absurdity that, in Switzerland, less decontaminated transit traffic from foreign countries decisively influences air pollution and that the effect of the go-it-aloners in Bern is bound to remain minor, casts a critical light at the political aspect of this entire affair. Unleaded gasoline requires European unity. The least common denominator would be that this fuel must be available everywhere--in southern Portugal just as in northern Norway and of course also in Yugoslavia and in the East Bloc countries which are reached by tourists in cars. Otherwise, mobility on our continent would be inhibited more effectively than with toll hou- and foreign currency controls. Because anybody whose car is trimmed down to exhaust gas purity with the help of catalytic converters does need unleaded gas, no matter where he goes--unless (like many Americans) he decides to forget about his share of clean air and fills up with leaded gasoline, getting a "contaminated" catalytic converter and worse exhaust gases than without it.

In America They Are Once Again Thinking "Big"

It would of course also be conceivable that all of Europe, in a fit of supranational enthusiasm for environmental protection, might decide to introduce the American exhaust gas regulations and thus switch to unleaded gasoline. In the northern and middle parts of the continent, the governments would probably be ready for that. But does that also apply to France? Or perhaps even to Italy, Portugal, and Greece? At that point, hopes quickly turn into Utopia.

Many European auto makers might also argue that they presently still have other major worries, other than exhaust gas decontamination. The worldwide recession has left its traces. In 1982, for example, the two major French concerns, Renault and PSA, suffered heavy losses. Volkswagenwerk also is not paying any dividends although the parent company is still in the black. Other companies are only now recovering painfully from the shortages of past years. The Japanese likewise had to accept a painful dip in their long-term rising trend. There were drops in exports and the domestic market, which at first was able to balance things out, is getting closer and closer to saturation. In the United States, the biggest sales field in the world, things have been rather slow for several years, and auto sales are beginning

to pick up only in recent weeks. At the same time, gigantic investment mistakes are emerging there. The watchwords of the energy crisis time, "Think Smaller" and "Downsizing" became scrap faster than the cars which were developed and built under their influence. Today the Americans are again thinking big and they are leaving it to the already no longer very flexible Detroit giants to pull the corresponding supply out of a hat--although they had made everything one size smaller just recently at a cost of billions.

In view of such risks, a car maker must do everything to be adaptable in terms of production and to appear on the market with a comprehensive assortment of models. As far as the auto industry is concerned, this means investing, primarily and regardless of the particular economic situation--investing in a complete series of models--just like in any other production effort. Only a complete supply program can save a mass producer from failing completely as a result of customer behavior which is becoming more and more incalculable. If he cannot offer such a range of products on his own, he must work together with others by taking over car models with complete design documents or by at least purchasing subsystems. In final production, the companies always try for an ever lower profit threshold--even poor capacity utilization must not cause fatal losses--and ever greater flexibility.

Here, industry found a helper in the robot, in the freely programmable handling automats, which at the same time can also solve other problems. For example, they not only can work on one or the other model by simply changing the software; they also do that job with the kind of precision which a human being can never achieve with his manual labor. That not only cuts down on waste and discussions. In the age of consumerism and growing possibilities for the consumer to push quality demands also in legal terms, it is rather soothing to know that a robot places every welding point like any other point and that the spray gun will swing away not a single tenth of a second sooner than permitted.

Future auto production--with the exception of (still) final assembly--is extensively automatic, in Japan just like in Europe and in America. And this future began a long time ago. Anybody who today invests in a new plant has a head start which mercilessly downgrades everything that came before to the status of scrap iron. The capital risk of course is also gigantic above all when the highly-modern installations are to serve for a single model built in large numbers. Naturally, the handling automats are not only supposed to improve the quality but they are also supposed to help cut personnel costs. They facilitate a productivity surge which at the same time makes room for new investments. As far as the employment situation in the parent country is concerned, this, at least in the short run, can have undesired consequences, as can the effort on the part of many auto makers to switch labor-intensive and thus personnel-cost-intensive final assembly operations to those parts of the world where wage levels are low. As an argument for this kind of shift, wage cost differences alone of course are not enough especially since they can be made up over a period of time--depending upon the development level of the country to which final assembly has been switched.

Very often, this also involves opening up new markets, such as the example of Spain, or the interception of otherwise threatening protectionist measures; this purpose can even sanctify the establishment of branches in high-wage countries, such as the United States. Manufacturers from Germany and Japan, who owe their reputation last but not least to above-average product quality, must of course weigh such foreign commitments particularly carefully. Under certain circumstances, their advantages do not make up for the unavoidable image lost when sloppy production leads to doubts as to the fame of the name. On the other hand, one must not underestimate the ambition of new producer countries either. In South Korea, for example, the national technical contribution to auto making and the experience of the workers may be less than in Europe or Japan but there is certainly no lack of motivation.

Will the German auto makers be able to continue to compete? Yes, under two conditions: They must, in production technology, at least keep up with the high technology and, in model development, they must be better than the big competitors, above all the Japanese. The first prerequisite at this time is more easily met than in past years. The gap with the Far East producers, who had the advantage of younger and more modern plants, has shrunk. To preserve the current status, tremendous investments will continue to be necessary and they, in turn--and this is where we come full cycle--presuppose continuing competitive capability with corresponding earnings. Only success will provide further success in the future.

A head start in engineering terms--to advertise this Audi advertising slogan for all German producers--is not less important. It looks as if technical arguments at this time would again gain significance on the auto market. But even if that should turn out to be a short-lived phenomenon, one must not miss any opportunities which can be found in superior technology--even where the customer does not notice it directly. An economical engine or a streamlined body are, in the final results, always attractive, even if you cannot tell that the car has both of those things. Here, German producers and their suppliers are still in a favorable position. The fuel injection system, for example--and thus also a good portion of exhaust gas engineering which closes the circle--is dominated worldwide in a sovereign manner by Bosch. Aerodynamics, electronics engine management, tire development, brake and four-wheel engineering--this is where the Germans need not play second fiddle to anybody, on the contrary.

Opportunities for Cars from German Plants

Creativity and inventiveness of course do not come by themselves. A climate of resignation, lack of development possibilities, and absence of recognition in sclerosed company management hierarchies are bound to stifle any initiative. Relying on competitors being worse or getting to be worse can produce unpleasant surprises. Of course Europe presently still determines the taste in cars worldwide, in design and in spreading the idea of "joy in driving." But it does not dominate the world's auto market, that is to say, it can no longer express its leadership role in terms of ideas in the form of dollars and cents. That is a situation in which everybody has to stick together and must make every effort.

The most recent products by German producers--Opel Corsa, Ford Sierra, Mercedes 190, 3er-BMW, Audi 100, just to mention a few examples--show that there is still enough drive in this industry. If the car buyer gets to feel what benefits he can derive from this progress, he will go along. This is where the opportunity lies for expensive cars, for cars from German factories, in other words. But let everyone beware of mediocrity: That is something which in the future we will find all over the place. Anybody who is satisfied with average performance will soon be dead.

6058
CSO: 3620/377

TOWN TO DEVOTE ENTIRE INDUSTRIAL PARK TO USSR EXPORTS

Helsinki HUFVUDSTADSBLADET in Swedish 26 May 83 p 14

[Text] (FNB)--An industrial park concentrating on trade with the USSR is being planned in Kontiomaki in the municipality of Paldamo in Kajanaland. On Tuesday, Paldamo's municipal administration appointed a committee to make preparations for establishing the park. According to preliminary plans, the park will be started in 1985, and operations will begin at the turn of the decade.

Ten industrial buildings will be built in the park, and space will be offered to new manufacturers, growing firms that trade with the East, and any possible mixed enterprises that might be formed.

Products will include metal structures for railway transportation, tanks and drums, farm equipment, machinery and equipment for the food industry, heavy wheeled equipment, measuring and weighing instruments. mechanical wood processing, heat and energy packages, woodworking machinery, and forest machinery.

The plans have been discussed with Finnish and Soviet enterprises and authorities. Pentti Hiivala, commissioner for trade practices in the municipality of Paldamo, said on Wednesday that the idea has been well received.

Hiivala reported that the Soviets had suggested the possibility of participating in the development of East Karelia.

The industrial park will not be built overnight. The overall plans will be ready 2 years from now, when the park is started. The construction phase will then last 5 years, and operations may begin in 1990. A blanket agreement will be established covering the flow of trade through the industrial park.

The planning will be based on a catalog of the goods to be produced in the park. Finland and the Soviet Union are cooperating in preparing that catalog. Also being prepared is a list of products that can be assembled in Kontiomaki from Soviet components and sold on markets in Finland and other countries.

The organization that handles trade with the East will, among other things, promote a planned increase in imports, compensation deals with Soviet enterprises, and trade with the East by small Finnish firms.

11798
CSO: 3650/209

BRIEFS

RAILROAD CAR FACTORY FOR USSR--(FNB)--Managing director Eero Piipari has described last year's results for Haka as being good for both the parent firm and its subsidiaries. Turnover totaled 1,488 million marks, and billings totaled 1,800 million marks. According to Piipari, the most important event last year was the start of direct building exports to the Soviet Union by Haka. September saw the signing of an agreement to build production and repair facilities for railroad cars in Toshno near Leningrad. The contract is worth approximately 300 million marks. Haka will also continue aiming at the Soviet market in the future, but according to Piipari, the competition there is so stiff that the firm must also consider other export possibilities. Its sights are set primarily on the rest of East Europe. [Excerpt] [Helsinki HUFVUDSTADSBLADET in Swedish 26 May 83 p 15] 11798

CSO: 3650/209

BRIEFS

ISRAELI ELECTRONICS DELEGATION--A high-level Israeli delegation representing the electronics industry visited our country following an invitation issued by the EVEA [expansion unknown] in order to discuss with the competent Greek officials of both the public and the private sector the possibility of establishing in our country an electronics industry. The Israeli delegation met with Deputy Minister of National Economy K. Vaitsos, President of the OTE [Greek Telecommunications Organization] Makropoulos and with Greek manufacturers of electronics goods who demonstrated an interest to visit Israel for the creation of mixed Greek-Israeli electronics enterprises. [Text] [Athens I VRADYNI in Freek 15 Jun 83 p 13]

CSO: 3521/357

COMMENTARIES ASSESS PSOE PROMISE TO CREATE JOBS

'Impossible Objective'

Madrid YA in Spanish 2 Jun 83 p 5

[Editorial: "The 800,000 Jobs Promised:" On the "Titanic"]

[Text] A government minister, Industry and Energy chief Mr Solchaga, who has a well-deserved reputation as a serious man, has finally confessed the truth. The magic number of 800,000 jobs, which was one of the most appealing planks in the PSOE's [Spanish Socialist Workers Party] platform during the recent election campaign, is a "very difficult, almost impossible" objective.

In addition, Minister Boyer has given a sort of vague assessment of the speech that Prime Minister Gonzalez delivered at the meeting organized by THE INTERNATIONAL HERALD TRIBUNE in Madrid this past 30 May. To Boyer, Prime Minister Gonzalez's statement that by the close of the legislature inflation would be down to 4 percent and the famous 800,000 jobs would have been created is "optimistic" and has not yet been discussed within the cabinet.

Finally, Deputy Prime Minister Guerra has made some lengthy and categorical statements about all this in the May 1983 issue of the magazine INFORMACION, which is published by the Chamber of Commerce, Industry and Navigation of Bilbao, voicing remarks such as "the situation (of the peseta) is worrisome." On page 28, after mentioning that he has "three or four clear-cut ideas on these issues" of an international economic recovery, the deputy prime minister points out that the first of these is quite well known: "I think," he says, "that the economy has gotten out of the control of the experts, be they economists, technicians, politicians, etc," adding that here, in Spain, "a very good technique has now been invented, as all countries and all experts are saying that there is no solution to be seen in the short run but that there is a way out of this in the medium and long term. We hear, for example, that no, not in 1982, but 1983 will be all right. Then 1983 comes, and they say, not this year, but 1984 will be all right...And this is what we keep hearing. What's going on? We are listening to a Beethoven concert in a beautifully decorated room on the sinking 'Titanic' and we refuse to listen to the man on the deck saying that it's sinking because Beethoven's Fifth sounds so good that, well, as long as this keeps going, I'll stay here at the concert."

Amid this entire chorus of negative voices, it is pathetic to read Almunia's remarks as he tries to place the blame for the failure to create 800,000 jobs on society, not on those who, divorced from any sensible judgment based on a study of the economy, said this was possible. The experts, however, asserted, as this paper has repeatedly reported since October, that the figure made no sense, that it was typical of a demagogic statement, nothing more. Almunia is now saying that "if everyone does not make an effort, we might not manage to create those jobs." Well, that's not the case, Mr Minister. If we all make an effort, if the government helps instead of hindering, and if this business of the economy is taken seriously, everyone is still going to get wet when the boat sinks, and the only good thing will be that fewer instead of many jobs will be lost. Or to continue with Mr Guerra's analogy, if sacrifices are made, there will not be so many drowning victims (the unemployed) on the "Titanic." But let's not hear about blaming society if this absurd figure is not reached.

Mr Redondo stated on Radio Nacional de Espana on the morning of June first that the administration ought to come to one mind. Naturally, and so should its parliamentary group and the UGT [General Union of Workers] within the socialist conglomerate. Today, one of its leaders has begun to prove us right on the issue of the 800,000 jobs. It is going to be difficult for all of them to admit this and to convince the voters that this door too is closed and that they already knew it was in the fall of 1982.

But attempts are going to be made to banish these differences of opinion among Socialists. At a time when the peseta has easily fallen through the dangerous floor of 140 to the dollar, when the slowdown in price increases has stopped and when unemployment is surging ahead, it would frighten us if in a bid to coordinate the administration, the PSOE, the UGT and the voters, we again heard remarks such as the ones that Carlos Solchaga himself made exactly a year ago, in May 1982, in INFORMACION as well, of course: "It is necessary to considerably boost public and private investment; we are not confident that the private sector can do this initially, so we believe that according to Keynesian theory, we have to begin priming the pump from the public sector." If Mr Solchaga still holds this view, such a program, which he noted at the time was the PSOE's, will cause a catastrophic breakdown of our economy. In other words, it would fire a torpedo into an already half-submerged "Titanic." It stands to reason that we are extremely concerned that Mr Guerra has pushed just such a program by stating emphatically at the UGT Congress that the 800,000 jobs would be created.

Comparison With UCD Government

Madrid YA in Spanish 27 Jun 83 p 7

[Editorial by Salustiano del Campo: "A Change of Promise"]

[Text] The only thing that we did not actually know was when and how the PSOE was going to retract its promise to create 800,000 jobs during the present legislative session. Minister Solchaga was finally the one who kicked off what will doubtlessly be an obscure and lengthy process of suggestions, denials and assertions in a bid to make people believe

that the PSOE never promised that much or as categorically as the opposition says. It is quite a while until the next general elections, and the administration hopes that by then people will have forgotten its broken promise. This strategy also calls for cutting down the adversary and general political confusion, and this is what Deputy Prime Minister Alfonso Guerra is for.

The data indicate that there were two main reasons for the electoral majority on 28 October: the conviction that a Socialist government was an indispensable requirement for the consolidation of our democracy, and the hope that it would, in fact, be able to generate the jobs it talked about. It is in no way justified to conclude that the transformation of the political map was due to the electorate's ideological conversion, much less that the people are willing to renew their trust in those who have knowingly deceived them. There is, of course, an important moral value in repentance, but we must not forget that repentance follows an admission of guilt, which in this case involves a lie. The higher virtue is always to tell the truth, and in the long run this is what prevails.

The ruling party's performance is beginning to look similar to the UCD'S [Democratic Center Union]. Decisions are delayed and do not square with what has been promised. This has been the case with the FACA affair and also with the announced intention of seeking to bring together economic and social forces through government mediation. The ministers are beginning to look powerless and backtrack on bills that were not sufficiently well thought out, such as Moscoso's conflict of interest bill or the suspension of the sanctions approved by Barrionuevo's ministerial order for instances of failure to comply with the obligation to declare housing or real estate rentals or leases. In spite of his incomparably superior parliamentary talents, Prime Miniuster Felipe Gonzalez has been doing the same things as Adolfo Suarez: he holes himself up in the Moncloa, remains silent in Congress and devotes himself to foreign policy. Foreign policy, which is apparently easier than domestic policy, always leads in the end to domestic problems and frustration.

The Socialists have undeniably made an effort to convey a calming image of restraint, and government economic policy aims are part of this effort: narrowing the inflation gap between Spain and the OECD countries, wage policies that enable business surpluses to hold steady or recover, industrial reconversion, a more flexible, decontrolled labor market, Social Security reform, straightening out and enhancing government spending, etc. At times, however, their enthusiasm and inexperience have caused them to mistake their desires for reality, as when Felipe Gonzalez sees a four percent inflation rate before long. More commonly, however, he and his administration seem ineffectual or simply swamped by the consequences of some flippant move, such as the more than 100 billion that the Bank of Spain has already had to pay out to the Rumasa people. In any case, we can see an erosion of credibility that no layer of moralizing can readily hide. Spain does not deserve to have the Socialists' promise of change replaced so lightly and with such impunity by a change of promise.

8743
CSO: 3548/432

LABOR MINISTER ON CONTRACTS, STATE INTERVENTION; REACTION

Madrid ABC in Spanish 8 Jun 83 p 61

> [Text] Labor Minister in favor of limiting government intervention. Almunia believes that it is necessary to return Rumasa to private control. Geneva. Spanish Labor and Social Security Minister Joaquin Almunia yesterday announced that his administration will shortly approve new agreements of the ILO. "Spain is the country in the world which is most inspired by international labor legislation since it is the state that has ratified more ILO agreements," Almunia said in his speech. The Spanish Parliament has already received for ratification Agreement 144 on tripartite consultation regarding international labor standards and Agreement 151 on the protection of the rights to join unions and procedures to determine employment conditions in the public administration.

The administration will soon forward Agreement 102 on minimum social security standards. The minister also noted that ratification of another six ILO agreements is in a very advanced stage. Joaquin Almunia announced at the conference that, after consultation and negotiations with the interested parties, the Spanish socialist administration will try soon to work out a satisfactory formula for the return of labor union assets.

During his speech he made reference to some of the topics of that international conference, such as child labor, "apartheid," and the readmission of the PRC to the ILO to whose delegation he extended a very warm welcome. Addressing himself to the international economic crisis, he emphasized that he suggested to the ILO and to the governments of the member countries "the historical challenge of preventing the crisis from leading to a decline in the protection of those least well off."

"In a Western country, such as Spain, a country with liberties founded on a modern constitution, it is impossible to imagine an economy which is not based on the operation of the market," the minister declared during an interview published yesterday by the Swiss daily LE JOURNAL DE GENEVE. The market must be allowed to establish its own directions and at the same time certain social or economic consequences deriving from that freedom must be allowed to develop. There are those who think differently in countries that did not suffer a

dictatorship but, in Spain, liberalizing and restricting government intervention in society is a clearly progressive development."

Invitation to Employers

On the other hand, Joaquin Almunia admitted that, in Spain, "some issues that were not defined in the past prevent the owner and operator from having confidence in the future." Nevertheless, he urged enterprise leaders to cooperate with the socialist administration, as the labor unions cooperated, in recent years, with right-wing administrations, in order to fight against the crisis.

As an argument, the minister reaffirmed his intention to strengthen the role of the social partners, to stimulate tripartite management of social security and of unemployment benefits (this, Mr Almunia said, will be something new in Spain) and soon also to debate with the employer association and the trade unions on the strategy for the medium-term economic plan announced by Prime Minister Felipe Gonzalez.

To the question as to what would happen in Spain if, at the end of the legislative session, in 1986, there were 4 million unemployed, Joaquin Almunia replied: "If one day we should have 4 million unemployed, it will not be the socialist administration that will be in danger but rather democracy as such."

Questioned as to the way in which the Rumasa topic was resolved, the minister said this: "Those who know the Spanish administration and bureaucracy must understand that the state is a poor manager of companies. The best way to preserve 70,000 jobs at Rumasa and to protect the interests of those who save, is to return the majority of the banks and the enterprises in that group to the private sector."

In the name of the delegation of Spanish employers, which is attending the conference, Javier Ferrer Dufol (CEOE [Confederation of Spanish Businessmen's Organizations]) told EFE [Efe Agency (Press Association)] that the speech by Minister Almunia turned out "to offer little in the way of commitment as far as the administration is concerned" and he stressed his reference to the return of labor union assets. In his opinion, he should have spelled out specific plans for immediate implementation.

Speaking for the delegation of Spanish workers, Julia Requejo (UGT [General Union of Workers]) stated that she was satisfied with the speech and, as fundamental aspects, stressed his remarks on child labor, "apartheid," and Spanish emigration. After underscoring the importance of cooperation among all Spanish social forces through the future Economic and Social Council, she said that Almunia had clearly stated the socialist administration's pledge to pursue an authentic social policy.

Leonidas Montero (CC OO [Workers Commissions]) declared that the minister had in his speech taken up the problems of the Spanish workers in a general fashion without however presenting any solutions: "The statement was good, on principle, but it has to expressed specifically through facts." For Donato Caballero (ELA-STV) the speech was "good in general terms" and he came out in agreement with his statements regarding international social policy.
5058
CSO: 3548/439

DETAILS OF SOLCHAGA PLAN FOR REINDUSTRIALIZATION

Madrid DIARIO 16 in Spanish 8 Jun 83 p 17

[Text] Document to be presented to cabinet by Industry Ministry: Harsh conditions for workers and employers in conversion plan. The Solchaga Plan: There will be a reduction in the payroll both in public and in private enterprises; strong wage restriction measures in enterprises involved; stepped-up early retirements; creation of alternate jobs in areas with highest unemployment rate; development of sector management organs that would limit the autonomy of the enterprises; special government financing and private banking [financing] for sectors involved; reorganization of public enterprises and incentives by geographic areas.

Madrid--"The future law on reindustrialization does not claim to constitute the complete framework of action connected with reindustrialization policy but only redefines the internal reorganization policy for the conversion sectors, thus facilitating more efficient management of that policy and, at the same time, integrating it within a broader scheme of which the industrial promotion policy is a decisive part," it says in a report on "General Outlines of the Reindustrialization Policy," prepared by the Ministry of Industry and Energy which the department head will submit to the cabinet and to which OTR-Press has had access.

This report points out that "the philosophy that must inspire the future industrial conversion policy is characterized by two fundamental aspects: Rigor and solidarity." In this sense assurance was given that "the requirements for sticking to a conversion plan will impose harsh conditions on all parties involved. For the workers, to the extent that recognition of the existence of structural employment surpluses will imply the acceptance of a payroll deduction and a restrictive wage policy but also for the enterprises since the new standards call for the existence of sector management organs (conversion companies) which will take up major portions of the decision-making process to the detriment of the enterprise units. The greater flexibility," the report adds, "and the broader perspective permitted by the planned management organs will facilitate the adoption of an authentic conversion policy for industrial assets, a basic aspect in the internal reorganization policy for the sectors which are in a crisis and that has only been started recently."

It was also stressed that "the demand for solidarity likewise includes the contribution from the private financial system to the industrial conversion process. Although the adoption of a retraining policy could turn out to be efficient for a financial entity, in particular, the general application of this policy would threaten a large part of the Spanish industrial fabric and would consequently seriously affect the stability of the entire financial system. This is why it has been suggested that a mechanism be designed for channeling private financing toward the conversion sectors, either directly or through government loans. At the same time it has been proposed that a specialized department be established within the Industrial Credit Bank; in addition to being responsible for managing financial funds earmarked for government credit for industrial conversion, this department would play a central role in financial planning and control within the context of industrial conversion policy."

Concerning social labor measures included in the plan to which OTR-Press had access, they have a twin objective: "First of all, it has been proposed to improve and rationalize the social coverage mechanisms provided for in the prior standards that governed industrial conversion policy, especially the early retirement system. Second--and through the establishment of job promotion funds --we want to set up an important mechanism for providing a connection between the policy of internal reorganization of the sectors with structural employment surpluses and the industrial promotion policy aimed at boosting new activities and creating alternate jobs."

Public Enterprise

Finally there is mention of the role which must be played by public enterprises in the reindustrialization process; it was pointed out that "they must be subjected to the internal reorganization process, which was drafted as part of the sector conversion strategy designed by the corresponding plan, just like the private enterprises."

It was also pointed out that "by virtue of their special characteristics, public enterprises constitute a preferred action instrument for the policy of promoting new productive activities; they can therefore play an important role in the relocation of employment surpluses generated by the application of the adjustment policy in the conversion sectors."

Measures

Regarding the investments to be made in sectors subjected to conversion and the model to carry out these efforts, the plan points out that "it is necessary to design a mechanism that will facilitate the joint contribution of the private financial system to the conversion policy not only because of the need for solidarity but also in the interest of all of the financial institutions together."

"The private banking system must therefore earmark a portion of its funds for financing the industrial conversion process. For the purpose of setting up this fund channeling effort, we shall consider computable--within the conversion coefficient for risk capital (to be created soon)--both the financing granted

directly by the banking entities to the enterprises involved through the conversion plans and the acquisition of securities issued by the ICO [Government Credit Institute] specifically oriented toward the collection of funds to be used by the BCI [Industrial Credit Bank] to finance industrial conversion. The specific methods connected with this new preferred financing line--specifically, the profitability of the securities issued through government credit for the purpose of providing industrial conversion funds--will be the object of negotiations with the representatives of the private finance organizations."

In this area we will maintain a series of legal measures and we will create other, new ones; among the first of these we must mention the "legal consideration of competition in conversion sectors involving technological, economic, and technical as well as organizational causes in order to provide a foundation for the corresponding job regulation directives," as well as the "breakup of the amount of unemployment benefits, although this breakup must be accompanied by the specific provision of intervention through the Wage Guarantee Fund which would guarantee the complete payment of this benefit to the worker. The fund would advance to the worker the complete amount of the unemployment benefit and the enterprise would contribute to that fund the advance payment through payments spread over monthly installments."

Protection

Consideration was also given to the "suggestion that the Royal Decree on Conversion could establish assistance for early retirment of workers involved," increasing its scope of personal application to workers over the age of 55 or "guaranteeing a certain percentage (of course considerably lower than 100 percent) of the base governing the retirement pension, with the same upgrading system that is now being used. This would include counting the period during which retirement pay is collected from the age of 55 until the age of 60 as a period of unemployment for obligatory relocation purposes. "The period of early retirement will be considered as a membership contribution period for the purpose of constituting the retirement pension with full rights at the age of 65."

Along with the continuation of these measures "it is planned to introduce, by way of supplementation, the possibility that the conversion sectors might organize and develop a series of job protection and development measures that would more actively influence the labor surpluses generated by conversion, thus strengthening the protection of these jobs and bringing about more active promotion of the reintegration of these workers into the labor market. The law could on that point open up a series of institutional channels to legalize the action of the job promotion lists."

The content of this protection provided through the fund will be concentrated on an improvement in the intensity of protection against unemployment, supplementing the basic benefits and, as the case may be, additional unemployment benefits, so that the total collected by the worker would reach a certain percentage of the average wage drawn while employed and "active promotion of relocation in the area of personnel forces affected by conversion. This effort will include the intensive development of job training activities in coordination with the INEM [expansion unknown] and the institution of possible economic incentives for the net creation of jobs for that particular personnel force, through contributions in the form of nonrepayable funds for the enterprises."

Regional Support

The document to which OTR-Press had access also notes that "both the employment promotion funds and the regional and technological support measures are intended to promote a way out of the situation created by the traumatic application of a conversion plan, therefore facilitating its implementation." Therefore, "conversion plans should include some industrial promotion instruments, especially relating to the geographic areas most seriously damaged by reorganization, as a necessary condition for planning and reducing the social cost of industrial adjustment which otherwise could in some cases be very painful due to the planned capacity cutbacks."

In this sense, the important thing is "through shock treatment, to prevent abrupt drops in employment levels in townships affected by industrial adjustments."

The Method

As pointed out in this document inspected by OTR-Press, "The decision to submit a specific sector to the industrial conversion process will be adopted by the administration on proposal of the MINER [expansion unknown] on the basis of permanently updated sector studies. If the conclusions of that analysis are positive and if the sector in question adequately fits within the future outlines of Spanish industrial policy and accepts the conditions imposed upon it, the MINER will forward the proposal to the CDAE (Delegated Government Commission for Economic Affairs) which will establish a provisional guidance body for possible conversion, made up of representatives of the administration. This body will be responsible for summoning the labor union headquarters and the corresponding employer association to draft the sector conversion plan by a specific deadline. This plan at the very least will have to cover the following: The sector's current situation, basic conversion objectives, design of the sector's industrial sector after conversion (resulting enterprises or management units, product lines, etc.), investment plan, adequate business management structure, necessary adjustments (financial, labor, etc.), measures to be developed, such as industrial, technological, commercial, financial, labor measures, etc.); instrumental setup for these measures; management organs and followup: Participation and areas of competence.

"If agreement is not achieved prior to the deadline, the administration may declare the sector to be a conversion sector through a royal decree."

5058
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PUJOL SEEKS MAJOR PUBLIC INVESTMENT FOR CATALONIA

Madrid YA in Spanish 3 Jun 83 p 25

[Article by Maria Angeles Llinas]

[Text] Barcelona--The president of the Catalan Legislative Assembly, Jordi Pujol, yesterday delivered an unambiguous and unexpected speech to Economy Minister Miguel Boyer during the latter's first official visit to Barcelona to attend the opening of the 51st Barcelona Samples Fair. "As the president of the Legislative Assembly," Pujol said, "I have the duty to tell you that in Catalonia there is deep concern, a certain degree of discouragement and the feeling that the central government lacks understanding."

Pujol explained these initial remarks by pointing out that the suspensions of payments and unemployment have hit Catalonia the hardest of all Spain's regions and that this problem has brought together employers and workers, who fell "threatened."

Pujol complained, without wanting to portray his region as a victim, about the scant public investment in Catalonia, which is estimated at 33.53 billion pesetas, below that of other autonomous communities such as Andalusia, Galicia, Madrid, Valencia and Castile-Leon.

The president of the Catalan Legislative Assembly also said that he was under the impression that the central government and the Catalan Government had differing views of the community's economic priorities. Pujol pointed out that the Catalan economy has special features that differentiate it from the rest of Spain's economy. "In Catalonia," the president asserted, "we must assign priority to saving existing jobs before creating new ones. We do not have to be industrialized," he went on to say," because we are already an industrial area, in fact, the 10th leading industrial region in Europe. What the administration has to do is help us reconvert many of our companies."

Pujol explained to the minister that Catalonia is an economically poor region whose industrialization is due to the efforts of businessmen and workers. He noted that its economy is based on medium-sized companies and some large ones, but most have a very low capital investment index.

In light of all these characteristics, Pujol appealed to the minister for solidarity from the rest of Spain in tackling unemployment and the crisis, which are hitting Catalonia especially hard. He also called on the minister to give Catalonia back its creativity, which has been the key to its progress.

Boyer: We Have a "Long, Hard" Road in Front of Us

In his speech at the fair on his first official visit to Catalonia, Minister Boyer replied to Pujol by asserting that the administration has high regard for the Catalan spirit as one of the elements that Spain needs to fit in with the Western World and the prosperous countries.

In an optimistic tone, Boyer averred that "we are in an economic transition with a favorable trend," cautioning, however, that ahead of us lies a "long, hard" road.

Boyer said that Spain's main economic problems at present were the highest unemployment rate in all Europe; inflation, which makes us less competitive; and an exterior imbalance, especially the falloff in foreign trade, which has continued during the initial months of the Socialist administration, as he himself acknowledged.

The minister explained that in his opinion unemployment has decreased, because "it has increased only 12 percent," which is less than in other European countries. He also said that the Socialist government has succeeded in getting $300 million less to leave the country so far this year than last. With respect to new administration measures, the minister announced that a white paper on industrial reconversion would be submitted to and possibly approved by the next Council of Ministers and that a decree amending the fair regulations from 1943 would also be presented.

Boyer concluded by pointing out that in spite of our economic difficulties, "within time we will see that the peoples of Spain have achieved freedom and autonomy."

Pujol and Boyer had lunch together yesterday in the palace of the Catalan Legislative Assembly. Afterwards, the president left on an official trip to the French town of Toulouse, where he will spend 2 days as a guest.

8743
CSO: 3548/432

AEB-CCOO PACT ON BANK WAGE AGREEMENT

Madrid DIARIO 16 in Spanish 26 May 83 p 15

[Article by Jose A. Sanchez]

> [Text] The Spanish Private Bankers Association [AEB] and the Workers Commissions labor union [CCOO] signed a secret pact yesterday morning on the split working day as an alternative to the situation discussed in the wage agreement, just as DIARIO 16 predicted in an exclusive last Tuesday. The pact, which will serve as a point of departure for calling a referendum, has been roundly rejected by the UGT [General Workers Union], which has expressed its opposition to the new workday running from 8:00 am to 5:00 pm. Justo Fernandez has threatened to mobilize workers and has announced he will boycott any dialogue.

Yesterday, after a marathon secret session that began Tuesday afternoon, the AEB and the CCOO agreed, just as DIARIO 16 had predicted, to a pact concerning the private banking sector's agreement on the subject of the split workday, which will serve as a point of departure for calling a referendum, an indispensable step in winning definitive confirmation of the wage agreement.

The agreement reached between business leaders and the Communist union calls for a split workday from 8:00 am to 5:00 pm, with an hour off for lunch, for a period of 9 months, while current practice will prevail during the summer, and workers will have Saturdays off.

Among the counter-offers made by the AEB, apart from the wage increase of 11.75 percent over the wage base, are merit and longevity raises, periodic wage reviews as set out in the terms of the inter-federal agreement, an increase in productivity bonuses from 61 to 68 pesetas, a reduction of the absences clause from 15 to 18 days, better conditions for surpluses, formation of a commission to study reclassification of personnel as well as cases involving persons seriously inconvenienced by the new schedule, and finally, 350 pesetas extra for food during the nine months when the new schedule is in effect. The last point was beyond a doubt the battle horse which, in contacts maintained by both parties, provoked the disagrement, for while CCOO began by asking for 10,000 pesetas a month, the bankers were offering exactly half that

amount. Now a period of controversy and conflict has been opened up. The remaining union federation present at the negotiating table expressed their disagreement with the new working day, although the Independent Federation of Credit Workers, [FITC], according to Efe, has reconsidered its position and will link that position to the results of a referendum which the CCOO is expected to carry out at all bank offices. This is, by all lights, a union challenge without precedent and of unforeseeable consequences.

The unity maintained by the majority workers centrals at the negotiating table was broken at the last meeting, when the CCOO proposed the possibility of the new work schedule to the mediators, whom the latter union formerly mistrusted.

Beginning with this meeting, unified relations turned into a permanent confrontation. Positions taken were irreconcilable, as Justo Fernandez, leader of the UGT, had committed himself in his union's elections to struggle with all his might against the new work schedule. He thus expressed his categorical opposition from the beginning, calling for mediation as the most dignified solution.

At this juncture, the AEB and the CCOO initiated informal contacts to bring their positions closer together and achieve the minimum grounds for a referendum. The intense desire of Rafael Termes, president of the AEB, to achieve this long-standing wish of the bankers, and the CCOO's strategy of considering this the opportune moment to win substantial concessions from the bankers for something which they were bound to impose on workers sooner or later, have contributed to the signing of this controversial pact.

The real battle in the banking industry begins today. The pact, rejected by the UGT, which is the majority union in the banking industry, will provoke ongoing confrontation, since the UGT leader has expressed his intention of boycotting any referendum in which, as he says, he has no confidence and finds no guarantees.

On the other hand, and due to the fact that the bankers do not wish to sign an agreement limited from the outset in its applicability; that is, an agreement which would be honored only by its signers, the referendum will have as its objective the achievement of an overwhelming majority of the workers who favor the proposal, in order to bring pressure to bear on the other unions and thus win the 8 votes needed to sign a universally applicable agreement.

In order to put together those 8 votes, the CCOO, which has 4, needs the 3 votes of the FTIC and the single vote of the ELA-STV [Solidarity of Basque Workers], as neither the Galician Inter-Union [IC] nor the UGT will accept the results of the referendum, regardless of what they are. The reasons Justo Fernandez gave DIARIO 16 for boycotting the referendum focus on the fact that "the bosses and the scabs are going to have the power to impose, using pressure and threats, something we fought against." In the second place, Justo Fernandez believes that conditions are insufficiently homogeneous for talks, for "sometimes, the desire of the majority, speaking from a union point of view, cannot be accepted, if it is prejudicial to some small sector."

Regression

For the UGT's leader, the new workday schedule represents a step backwards at all levels, especially for workers in urban centers, who will not be able to cover their food costs for 350 pesetas, "in spite of the fact that Rafael once said that bank employees should not take long, heavy meals, because it lowered productivity."

Thus, Justo Fernandez's warnings to the effect that this pact will give rise to numerous problems in the banking sector as a means of bringing pressure to bear, such as workers assemblies, demonstrations, and even strikes, together with the conflicts that have emerged in the bosom of the CCOO, as in the case of the Murcia union, where workers have expressed their opposition to the new schedule.

Today marks the beginning of a series of assemblies in which Justo Fernandez will play an especially significant part, and where he will participate directly in order to explain his position. "The new working day not only represents a step backwards, but what is more, in the pact just signed nothing has been won in exchange."

9839
CSO: 3548/426

ANTI-CCOO PROTEST OVER BANK ACCORD SIGNING

Madrid YA in Spanish 28 May 83 p 26

[Text] About 2,000 persons took part yesterday afternoon in a demonstration organized by UGT [General Union of Workers] and the other union organizations against CCOO [Workers Commissions] for having made a secret bank pact with the Spanish Banking Association (AEB). This is the first time that such a demonstration has taken place in Spain.

The demonstration was led by a large banner proclaiming "Saturdays free, working day from 0800 to 1500 hours." This banner was carried by Justo Fernandez, secretary of the Banking Federation of UGT, and by Eugenio Garcia, member of the CNT [National Confederation of Labor], among others.

During the march, slogans were chanted such as, "CCOO are talking parrots in sheep's clothing," "Soon CCOO will not be able to sign anything," "We don't care what you say, we won't accept a divided work day," "Work week of 35 hours, Saturdays off," "CCOO has soiled its trousers," and "The split work day will ruin your life."

At the midpoint of the march, the group paused for speeches by the union leaders.

Eugenio Garcia, the CNT member, said, "There is no way we can accept a referendum which will have the effect of ruining our way of life."

Next to speak was Miguel Angel Perez Bermudez, a leader of the provincial CCOO banking division, who noted that the majority of his colleagues were against the manner in which the negotiations were being carried out. He said, "This agreement is beyond the powers of CCOO; it is against Justo and the UGT, and through this arbitrary, antiunion approach, the union is being led into a blind alley. We are working from within the union to get out of the situation where they have placed us. The majority of the delegates are in opposition to the measure which has been taken."

Justo Fernandez said, "This is a sellout of one of the most important gains made by the union, one which cost us so much to win. Therefore we are going to fight until the last drop of sweat and blood against the implementation of the split work day. It will not be easy to win out over the forces of ambition, opportunism and unscrupulousness," he continued, "but the unity of all workers,

the strength from those who stayed on the picket lines during the strike and those who were beaten, will achieve our goal."

Workers Commissions is proposing that the bank referendum for ratifying the AEB agreement should take place between 7 and 15 June, and in order to assure control of the voting, CCOO has written to IMAC requesting supervision for the election.

11989
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ELECTION IN OCTOBER NOW SEEMS 'INEVITABLE'

Stockholm DAGENS NYHETER in Swedish 4 Jun 83 p 10

[Article by Ake Ringberg: Schluter Remains but....New Election in Denmark Expected This Fall"]

Copenhagen, Friday--It was only by literally calling for help that Prime Minister Poul Schluter was able to escape the grip that Mogens Glistrup had gotten on him: Denmark avoids a new election before Midsummer, but Parliament will reconvene in a few weeks in order to continue the legislative session.

But it is now clear that Denmark can no longer be governed with compromises and halfmeasures: an October election seems inevitable.

Parliament had its last session on Friday. Normally it does not reconvene until October. But constitutional amendments from 1953 give the government the authority to reconvene the popularly elected representatives during the summer, and it is this article which Schluter is now making use of.

The reason for this unique procedure is that the government faced its downfall after a night drama, in which first Mogens Glistrup's so-called death patrol stood Schluter up against the wall, and then the government nearly stumbled into its own net over an incorrectly worded agenda.

The only chance for survival for Schluter was to withdraw the bill which the Progressive Party refused to agree to and then to propose a watered-down amendment which everyone was able to vote in favor of.

Most of the drama took place during the night between Thursday and Friday during a session in which the debate had to be interrupted time and again because it was clear that the government would be voted down and forced to resign if the proposed statements came up for a vote.

Cooperation

It was Mogens Glistrup, Leif Glensgaard and Mogens Voigt who made it clear that they intended to vote against the government's bill. It was in that

situation that Schluter sent in Erhard Jacobsen, one of the coalition brothers, in order to pacify Glistrup with a new amendment.

The amendment which only spoke of "the closest possible cooperation with all parties" was swallowed quickly by shrewdly by Glistrup, who in turn demanded that if there was to be such intimate cooperation, then it was necessary to keep Parliament going in order to gain time for discussion about the cuts to the municipalities which had long been demanded.

The Schluter government consists of four parties, which together nevertheless did not have a majority in Parliament but must seek the support of both the Progressive Party and the Radical Liberals on every matter. On the important issue of reduced state subsidies to provinces and municipalities the government was forced by the Progressives to make fewer cuts than intended, while Glistrup demands that the cuts should go even deeper.

The two support parties also have diametrically opposed views on the question of quotas for public housing construction, as well as on the issue of support policy for agriculture.

The Tax Case

From an ideological viewpoint the Progressive Party and the Radical Liberal Party are light years apart, and Schluter more or less found himself between a political Scylla and Charybdis. He was therefore forced into a situation, in which he either had to swallow Glistrup's humiliations or accept defeat in the voting and then dissolve Parliament and hold a new election. Opinions within the coalition were also strongly divided.

Schluter chose to withdraw the controversial proposed bills and Parliament will consequently be recalled in a few weeks. At that time the opinion of the Supreme Court against Glistrup in the famous tax case will also have been handed down, an opinion which is expected to result in imprisonment for the founder of the Progressive Party. Everyone now believes that Schluter's objective in reconvening Parliament is to have it make the decision to suspend Mogens Glistrup's parliamentary immunity.

And then, people say, Schluter will calmly be able to resume the negotiations, without Glistrup. However, during its 35 weeks in power the government has been voted down as many times, and it is probable that Denmark faces a new election as soon as summer is over.

11949
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SCHLUTER GOVERNMENT'S SUCCESS IN ECONOMIC POLICY REVIEWED

Stockholm SVENSKA DAGBLADET in Swedish 24 May 83 p 24

[Article by Karin Henriksson: "Despite Great Imbalance in the Economy; New Optimism in Denmark"]

[Excerpts] Copenhagen--Cautious optimism in the official prognoses, great optimism on the stock market and tremendous optimism from the government representatives....

In the spring of 1983 the state of the country of Denmark is better than it has been in a very long time. But the improvements are mostly of a psychological nature; great economic imbalances remain under the surface.

The so-called Danish disease, which culminated in 1982, was characterized by several independently disturbing features:

a) A large and growing deficit in the balance of payments.
b) An equally large and growing deficit in the national budget.
c) An unemployment rate, which very rapidly has grown to nearly 10 percent.
d) Inflation which continued to rise, unlike in many European countries.
e) An interest rate level higher than 20 percent for certain loans.

The Danes are going to hell first class, it was said. Money for the ticket was borrowed abroad. The fact that their international credibility had received a serious blow was demonstrated when the credit rating of the Kingdom was downgraded from the obvious "triple A" to AA+.

GNP Rose

Last year something unexpected happened, however. The GNP rose by 2.5 percent, a record figure in the Western World. Only Japan was able to match it; in Sweden, for example, the GNP dropped somewhat.

Had one reached bottom? Could things only go upward?

No, the explanation was partly the continuing Danish export successes, partly increased domestic demand. The latter, in combination with large investments in the North Sea oil and gas fields, also led to a large increase in exports.

With growing interest payments to foreign countries the deficit in the balance of payments grew from 8 to more than 20 billion Danish kronor. Several loans had to be taken out, at the same time as current expenditures increased.

The budget deficit rose by 65 percent, or from 34 billion to 56 billion Danish kronor.

During 1982 a realization began to develop--it could not continue like this, say observers at the National Bank, the Economics Ministry and in the Danish unions.

The government changed in September, and for the first time in the 20th Century Denmark received a Conservative prime minister. His name is Poul Schluter, and he applied forceful measures from the beginning. It is now safe to say that Denmark is among the countries advocating economies as the best way to prevent an economic crisis.

As early as October Schluter's coalition, the so-called four-clover government, came up with the first austerity package, later followed by another few. It contained wage and price freezes, cuts in public spending, the elimination of a Danish holy cow--cost-of-living supplements--etc. In the wage negotiations concluded in March the parties were told that wage increases in excess of 4 percent were unacceptable.

"Between 5 and 6 years are needed in order to completely bring Denmark to its feet again, and it must therefore be anticipated that we will struggle and fight to retain our government position," he [Poul Schluter] further said.

The economic policy which has been implemented differs from previous ones primarily on three points:

a) The exchange rate of the krona has been pegged.
b) Economy measures to reduce the budget and balance of payments deficits.
c) Price-reducing measures, such as the 4-percent limit in collective bargaining, in order to strengthen competitive ability in business.

Henning Dyremose, chairman of the Conservatives' parliamentary group, believes that very favorable results have been achieved in a very short time.

Drop in Interest Rates

"We had made it a goal that the five figures which were pointing upward would turn around, and this has also happened. First I would like to mention the drop in interest rates, which has been quite significant. The interest rate for cash credit, for example, dropped from 19.1 percent to 13.7 percent. The companies thereby saved 4.5 billion kronor. Or take the bond interest rate, which dropped from 21.5 percent in September to 13.5 percent today. This way

there is a 25-30 percent lower initial cost for a family which wants to build a house."

"Inflation this year is likely to end up at about half of what we are used to--5 to 6 percent as against 10-12 percent. Wage increases which were 11 percent in 1982 will be 7 percent this year and 4 percent in 1984. The total wage payments were 165 billion kronor in 1982; for this year we can anticipate a 6.6 billion improvement and for 1984 19.7 billion."

Loves Figures

Henning Dyremose smiles disarmingly, casually mentions that he "loves figures" and continues:

"The deficit in the balance of payments was 20 billion last year--this year we will stay below 15 billion. The budget deficit, which grew explosively, was approaching 80 billion--we have forced it down to 60 and expect further reductions next year."

Neither Henning Dyremose nor the official prognoses can promise a drop in unemployment. However, Henning Dyremose emphasized that the number of new jobs is increasing and that the rate of increase in unemployment has slowed.

"One usually says that measures such as those we have implemented hurt the weak ones, but this year the LO [Federation of Trade Unions] worker will get wage gains of 0-1 percent in comparison with a 4.3 percent loss in 1980-81 and 1 percent in 1981-82."

Understanding

To the question of whether the Danish people really has any understanding of these harsh measures, Henning Dyremose replies:

"Yes, that is our impression. To be sure, there is no difference in the opinion polls as regards party sympathies, but at the same time a poll on the government's popularity shows that we have the highest figure in 40 years."

At the moment the four-clover government is working on the 1984 budget, and its initial goal will be to save 10 billion kronor. This is to take place for example by imposing surcharges on certain public services and by making the individual responsible for a greater portion of the unemployment insurance, for example.

The government presented its long-term budget plan last week; in it a continued strong decline in interest rates is predicted, from today's 13-14 percent to 6-7 percent.

Unemployment is likely to hover around a quarter of a million people as late as 1987, however, despite the assumption of an economic upturn and a falling dollar exchange rate. Government economists also take for granted that public expenditures can be frozen at the 1984 level and that wage increases will not

exceed 6 percent. The foreign debt will be 200 billion in 1987, it was further said.

How Denmark will fare during 1983 depends chiefly on whether the signs for an international economic upturn are realized, as well as on the continued development of the oil prices.

Light

"The wheels have begun turning again, although the underlying situation is still stagnant. The recent enthusiasm may possibly be explained by the fact that this is the first time in 3 years that one sees light at the end of the tunnel," says Verner Puggaard, who is an economic expert with the Industry Council.

The combined Danish national debt is 80,000 Kronor per citizen. The foreign debt now amounts to 150 billion Kronor and it is this which will leave the most bitter memory of the crisis years, when one borrowed for consumption.

Even today Denmark's accounts with other nations would balance, were it not for the interest payments. The costly import of energy will decrease over the next few years with domestic oil and gas from the bottom of the North Sea. That is certainly fine--but it will not go very far if the indebtedness continues to grow.

11949
CSO: 3650/200

UNION OPPOSITION TO BUDGET CUTS PUTS PRESSURE ON SCHLUTER

Stockholm SVENSKA DAGBLADET in Swedish 24 May 83 p 24

[Text] Copenhagen--"We are of course generally opposed to the government's economic policy. The savings and the very austere financial policy mean that purchasing power will decline, which leads to reduced demand and therefore the risk of lower production."

These are the words of Henrik Bjerre-Nielsen, who is an economist with the Danish Federation of Trade Unions, LO. Further, he is of the opinion that the government's plans for saving another 10 billion kronor sound dangerous. In that case the domestic market would become extremely hard pressed, he believes, which will lead to Denmark's becoming even more dependent on a potential international economic recovery.

"The price for the successes which have been achieved has been too high. First, unemployment increased--and along with that the payment principles for support became less favorable. Cutbacks in public service affect the weakest in society, as is well known."

Henrik Bjerre-Nielsen also fears that unemployment will grow even more with the 10-billion package. Today about 265,000 Danes are without jobs and unemployment this year is expected to go to 280,000 in the official prognoses.

The LO also turns against the planned 600-kronor "gift check," which is to be given to all employed persons if the agreed-on limit of a maximum of 4 percent wage increases this year can be adhered to.

Tax Relief

"It is wrong to give away 2.3 billion in tax relief at the same time as the municipalities are ordered to save 3 billion. We are also against general tax relief measures--if these are to be instituted, they should go to those who need them most," Henrik Bjerre-Nielsen says.

11949
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PAPER DISCUSSES KARJALAINEN'S ATTACK ON KOIVISTO

Helsinki HUFVUDSTADSBLADET in Swedish 31 May 83 p 2

[Editorial by Jan-Magnus Jansson: "A Shock in Perspective"]

[Text] A caustic attack on the "third republic" by a leading figure from the Kekkonen era was at the heart of Ahti Karjalainen's statements after his dismissal, writes Jan-Magnus Jansson.

There is no need to deny the fact that during the weeks when Ahti Karjalainen's dismissal from the Bank of Finland and from the leadership of the Commission on Economic Cooperation was being put into effect, the republic went through a kind of political crisis. The affair can now be viewed from a slightly greater distance and with less passion. The strange thing about it was that it was not caused by a power struggle between schools of thought or individuals. That battle had been fought out long before. The cause was one individual's loud cry of protest on his own behalf, his refusal to use the opportunity to resign voluntarily, and his determination not to "be hanged quietly"--which, according to a remark attributed to Voltaire, is the most unpleasant way there is to be hanged.

In an earlier editorial (on 26 May), HUFVUDSTADSBLADET stressed that the remarks by Karjalainen need not necessarily be taken at face value. That is naturally true. By not conceding in the slightest that there were objective and unbiased reasons for the action taken against him, he undermined his case. Regardless of whether other motives also played a part in the process by which he was removed from his post, the pure "devil theory" advanced by him concerning political persecutions and personal plots is in its essence untenable and illogical.

All the same, the strong emotional outbreaks that marked Karjalainen's reaction to his dismissal have left a sort of vibration in the air. First and foremost, they had a shock effect by coming from a person who for decades had been seen as the archetype of glum taciturnity and who had seldom expressed anything in public except official platitudes. This is true even though, as must definitely be pointed out, several of Karjalainen's remarks showed impaired judgment or emotional agitation.

Karjalainen's trump card is the fact that for decades he was at the center of power and knew the innermost reasons for political decisions. Most of the people he worked with are either dead or retired, and he presumably does not want to harm the foremost partner with whom he worked--Kekkonen--even though in a recent interview with SUOMEN KUVALEHTI (27 May), he told about a violent clash with the president in 1976 in a way that clearly put Kekkonen's condition in an unfavorable light. Another thing is that Karjalainen's relations with his chief had already become tarnished before that--for example, in connection with the fall of the second Karjalainen government in 1971.

What makes Karjalainen's otherwise subjective remarks interesting is that they represent, so to speak, the first open counterattack by a leading figure from the second republic against the reorganizations that have taken place since that time. In interviews with both TIEDONANTAJA [organ of Communist Party's Stalinist wing] and SUOMEN KUVALEHTI--a combination characteristic of Karjalainen's double stance--Karjalainen made a heated frontal attack on the Social Democrats and also on President Koivisto. He told SUOMEN KUVALEHTI: "The so-called low profile has been turned into a high profile in which one is beginning to see a Social Democratic policy." And Karjalainen not only accused the president once again of firing him for irrelevant reasons but also questioned his competence in foreign affairs. According to SUOMEN KUVALEHTI, Karjalainen is "downright frightened" by the possibility that Finland might get caught in a crisis under Koivisto.

Talk like that has not been heard from any leader in public, and it can well be said that besides reflecting bitterness, it also reflects the belief in the president's unique position that prevailed during Kekkonen's era, especially among those close to the president. Without denying that the president still bears the ultimate responsibility, especially in critical situations, we can say that foreign policy today stands out less as one individual's creation than as the result of cooperation among various bodies.

In an interview with HUFVUDSTADSBLADET, former Ambassador Jaakko Iloniemo said that the institutions were going to play a bigger role in the future and that the power structure of the Kekkonen era, which had been centered on individuals, was "breaking down." Iloniemi's statement, which was the target of a perhaps not exactly unexpected but still surprisingly sharp attack in the newspaper published by the minority Communists, has in our opinion hit the mark fairly closely. Obviously, the role of individuals will never disappear, and it would be easy to count up a dozen people occupying leading positions in the new power structure. But while leaders such as Paasikivi and Kekkonen achieved their dominant position because they were active in an especially dramatic period, it is natural that in today's stabilized situation, those conducting our foreign affairs should now operate in a less centralized manner and make more use of normal routines and regular channels.

Finland's foreign policy leaders should be able to expect support from public opinion and the press that is concerned not with people but with issues. Criticism is also a component of loyalty when necessary, but it should be directed at provable errors--of commission or omission.

Differing opinions as to the political importance of Karjalainen's public statements and assessments are possible. Those statements and assessments can be seen as expressing a lone and frustrated individual's desire to protest. But they can also be understood as being watchwords designed to be brought back to life if there is a change in the political climate.

11798
CSO: 3650/209

PAPER VIEWS PROSPECTS FOR SOCIALIST SKDL GROUP TO BEAT CP

Helsinki HUFVUDSTADSBLADET in Swedish 25 May 83 p 2

[Editorial by Bjorn Mansson: "Formation of SKDP's 'Green' Faction"]

> [Text] The SKDP [Finnish People's Democratic League] Socialists are primarily a small group of intellectuals brought together more on the basis of their shared ideals than by a desire to gain political power. Their political strength remains a mystery, but it is probably not enough to bring about a radical change in policymaking within the SKDP-SKP [Finnish Communist Party], writes Bjorn Mansson.

The timing of the organization of the SKDP Socialists over the weekend should be viewed in terms of the situation in the Finnish Communist Party. In a situation in which no lasting solution to the SKP's internal problems is in sight, a group of People's Democrats not affiliated with the SKP has decided to bring matters to a head by forming their own organization, even if it is a loose one.

Their decision is historic inasmuch as since the mid-1950's, there has been no organized group within the SKDP besides the SKP and the People's Democratic leagues for women, young people, children, and students. When the SKDP was established in October 1944, the intention was to set up an umbrella organization for several different "democratic forces." That ambitious goal was never achieved, however, if we disregard the fact that the Socialist Unity Party, which originated in the leftwing opposition of the so-called sextuplets within the Social Democratic Party, was a member of the SKDP from 1946 until 1955. In actual fact, the SKDP has remained a front organization for the SKP.

And it is not a question of a new party this time, either. One reason for not choosing that form of organization is said to be the fear that the current overrepresentation of the Socialists in the SKDP's governing body would have been reduced to reflect the strength of the new party formation. That was a risk no one was willing to take--the strength of the Socialists will never lie on the organizational level.

The loose form of organization that was chosen--members' associations only in the election districts and no real apparatus in the field--shows that what exists is primarily a group of intellectuals brought together on the basis of

shared ideals rather than by a desire to gain political power. With some exaggeration, the whole thing could be described as the formation of a faction.

As such, however, it may become an interesting addition to the political color chart. Ideologically, the group represents the theory of socialism without the burden that so-called "socialism as it really exists" is often considered to carry with it. The group's distance from the socialist systems in East Europe was emphasized at its constituent meeting by the telegram it sent to the head of the Polish party and government protesting the treatment of cultural work in that country. If it continues on that path of criticizing the East, there will be a new phenomenon in Finnish politics, especially within the established leftist parties.

From a purely theoretical standpoint, one's first impulse is to describe the SKDP Socialists as being more or less the anarchosyndicalists of our time--who want to demonstrate their repudiation of both communism and social democracy. They do this by picking ideological elements from various places--for example, the talk about decentralization, small units, and autonomy points to influence by what, in the history of Finnish ideas, could be called a radical centrist ideology, with roots in Santeri Alkio's peasant radicalism at the turn of the century.

More modern ideological elements have been taken from the environmental movement, feminism, and, above all, what is usually described as the "green" movement. The parallels with the so-called Greens in Parliament are obvious. Actually, the organization of the SKDP Socialists can, from that standpoint, be regarded as also being a response to the challenge from the Greens, even if the embryo of the new organization already existed before the advance by the Greens.

The new group says that it wants to concern itself with ideological debate. Its political strength remains a mystery, however. Its primary sympathizers add up to only a few hundred, although in theory, the approximately 30,000 SKDP members not affiliated with the SKP could be expected to constitute a potential pool for recruitment.

There is one main point on which, despite everything, the SKDP Socialists have a clear political ambition. It concerns decisionmaking in the SKDP-SKP. There is talk about "new rules of the game" and about the idea that decisions should be reached within the SKDP rather than being dictated by the SKP. That ambition is not exactly a small one. The only question is whether the group's political strength will suffice for pushing through such a radical change. In the parliamentary group, for example, the Socialists have barely a handful of representatives. Not even in in the SKDP group as decimated by the elections will such a position of strength get very far.

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FORMER ENVOY TO U.S.: USSR MUST ADOPT NEW ATTITUDE

Helsinki HUFVUDSTADSBLADET in Swedish 24 May 83 p 14

[Report on interview with Jaakko Iloniemi, former ambassador to the United States, by Erik Appel; date and place not specified]

[Text] The Kekkonen system--that is, governing through individuals in key positions--is breaking down. The institutions are coming into favor in politics.

No new direction is being taken in our foreign policy, but the same foreign policy is now being pursued by other methods. This also requires a new attitude on the Soviet side.

That is how former diplomat Jaakko Iloniemi, newly appointed manager and "foreign minister" of the Union Bank, describes some of the changes in the so-called "third republic"--Mauno Koivisto's republic.

Iloniemi personally plans on staying in the background politically and concerning himself with the bank's "foreign policy," a job that he says does not differ all that much from the work of a diplomat.

He reports directly to the chief manager. He describes his job as being a sort of general staff function. Among other tasks, it includes assessing the political risks that may be built into a foreign commitment.

What kind of risks are those, and where might they conceivably exist?

"It may be a matter of unstable governments, the possibility of revolutions, nationalizations, and so on.

"It means that I will have scarcely anything to do with stable countries such as Switzerland and Sweden. But from the standpoint in question, the Middle East and South America, for example, are interesting areas."

"Handpicked by Kekkonen"

Jaakko Iloniemi is a second-generation Helsinkian. His family is from East Bothnia, where his great-grandfather's original surname was Nalkamaki. Iloniemi says: "It was the name of the homestead. He later moved to another homestead

in Pera-Seinajoki named Iloniemi, so he took that name. That was very common in those days."

Iloniemi speaks excellent Swedish, and the foundation for it was laid during the year he spent in Sweden as a child during the war. He maintains his proficiency in the language by reading HUFVUDSTADSBLADET and other material every day.

Iloniemi got into foreign affairs and diplomacy by way of international development assistance. Like other "big guns" during the Kekkonen era (Max Jakobson and Keijo Korhonen), he entered that career through the side door.

According to Iloniemi, one cannot really talk about a "Kekkonen team" except in the sense that Kekkonen trusted those individuals and their opinions and wanted to have their advice. Korhonen occupied a special position. There were strong personal bonds between him and Kekkonen.

In a way, one can say that those individuals, who were brought in ahead of career personnel, were handpicked by Kekkonen.

"Mr CSCE"

Iloniemi himself was obviously one of them. He advanced rapidly in his career, and in 1975, his Kekkonen-like bald pate was a characteristic "landmark" at the Conference on Security and Cooperation in Europe [CSCE] being held in Helsinki during that warm summer. His unofficial honorary title as "Mr CSCE" dates from that time.

In October 1977, he was off to Washington to occupy what is our most important ambassadorial post along with the one in Moscow. He remained in that post for 5.5 years, until the Union Bank enticed him into coming back home and changing careers.

What is it like to be the ambassador from a small country to a big power such as the United States? Is one in danger of disappearing in the crow

"Yes, and that is why one must take care not to get involved in less important matters. One must be selective. A person could spend all his time with his own countrymen if he wanted to. But that, of course, is not why one is there."

Are people in the United States acquainted with Finland in any way other than via Paavo Nurmi and because of its reputation as a country that pays its debts?

"That last-named point still holds true today, at least among people over 40 years of age. If there is anything they know about Finland, it is that it is the country that pays its debts. And if they know only one thing, that is probably the best thing to know--in other words, that the Finns are a reliable people."

Cheese

An ambassador is expected to provide well-informed reports and interpretations concerning what is going on in the country in which he is stationed. That requires contacts.

The official contacts are with the State Department as far as political reports are concerned.

Other official bodies are the Commerce Department, the Treasury Department, the Federal Reserve Bank, and--very interestingly--the Department of Agriculture.

"Finland exports a great number of farm products to the United States, especially cheese. The United States is our biggest customer for cheese.

"When it comes to foreign affairs, the White House (the President and the National Security Council) and Congress are two other centers of power. But for a small country such as Finland, they are not especially appropriate or valuable, because they deal only with really big issues, big crises, and bilateral problems of a magnitude which, thank goodness, does not apply to us," says Iloniemi.

Private Sources

But the most valuable alternative interpretations of what is going on, what the government is really up to, and what intentions lie behind a new initiative over the longer term are obtained in many cases from entirely different sources.

There are private individuals--journalists and so on--who have been involved in the workings of the government or who for some other reason have a lively interest in politics, and there are also scientific institutions, research institutes, and so on which are politically important in their own right.

"I must say that my political reports were based more on those private sources than on official sources."

There are also journalists who are not only experts on U.S. policy but who also are politically important themselves. Examples are James Reston and Carl Rowan, the former ambassador to Helsinki.

Rowan writes a column that appears in 300 newspapers, some of them with big circulations.

"If he has a certain opinion on Finland and expresses it, that carries quite a bit of weight," says Iloniemi, and he adds that he feels that he had very good contacts precisely with those journalists.

As far as the conduct of foreign policy is concerned, there is a built-in and intentional dualism in the American system between the State Department and the White House. But the Defense Department--the Pentagon--also has very considerable capacity in the field of foreign policy. It has a department that is

bigger than many European foreign ministries for dealing with what are actually diplomatic and political questions.

"The CIA also has a big capacity for analyzing foreign affairs, and it comes up with its own recommendations. The National Security Council, on the other hand, plays a coordinating role."

[Question] "In Finland, of course, we have definite opinions about Reagan and his policy. Many people see him as war-crazy. How do you view him?"

[Answer] "He believes in the importance of strength in international relations. He believes that the United States must be strong, not only militarily but also economically.

"He obviously feels that only by being as strong as the Soviet Union can the United States maintain its position, not only militarily but in other respects.

"That seems to be his analysis of the situation, and it is true of the entire team that he has brought into his administration. Weinberger certainly views the matter in the same way. Shultz has perhaps a somewhat different view, since his background is in business."

[Question] "They are all from the west coast, aren't they?"

[Answer] "Yes, Californians. Weinberger is from California. So are Shultz, Clark (head of the National Security Council), and Reagan himself."

USSR: an Opponent, not a Partner for Cooperation

[Question] "Does that California lobby have a true perception of the situation in Europe--does it understand Europe?"

[Answer] "That is a question that needs to be asked. None of the four I have mentioned has devoted a great many years to foreign affairs. They have not lived abroad, they have not written anything on foreign affairs, and they have not distinguished themselves in that field in any way. They were faced with an entirely new task when they came to Washington to take over the leadership of foreign affairs. It could therefore be expected that a more general approach to world politics would set the tone--one based not on specialized knowledge and expertise but one set within a wider framework: one's view of the world. And within that framework, the Soviet Union is seen more as an opponent than as a partner for cooperation.

"I think it can rightly be said that people who live on the west coast have a greater interest in Latin America and Asia than those living on the east coast, who generally regard Europe as the main arena of world politics. Things are different on the west coast, where Latin American--and Asian--problems are considerably closer at hand and of more immediate interest.

"Actually, one ought to be in a better position to understand the overall situation--the whole world--by taking it as a natural adjunct of one's world

view that Latin America and Asia play a bigger role than they did 40 or 50 years ago, and it is a fact that they do."

America's "Backyard"

[Question] "Do people in the United States believe that the Soviet Union is establishing a foothold in America's backyard: in Central America?"

[Answer] "That is what they say. They say that what is happening in Nicaragua and El Salvador is remote-controlled from Cuba, that that is where the weapons come from, that the financing comes from a third country, and so on. It is hard to say whether they are correct, but at any rate, the new government in Nicaragua has awfully good relations with Cuba. But what people often forget is that Mexico, which has no revolutionary sympathies, also has good relations with Cuba and also with Nicaragua."

[Question] "Is there any danger that the United States might intervene more actively?"

[Answer] "You mean militarily? No, I don't think so. I feel quite simply that from the standpoint of domestic politics, it would not be possible to send troops there. Congress simply would not go along with it. The experience in Vietnam has not been forgotten. The idea that American troops should fight in a foreign country in a war that people do not understand would be extremely unpopular. But arms deliveries and financial help will presumably continue. We can count on that."

Change Impossible

[Question] "Why don't the Americans change their policy? Why don't they put their money on the winners instead of on those who are eventually going to get the worst of it? As happened in Vietnam, for example."

Iloniemi answered that in many ways, U.S. foreign policy is the prisoner of domestic politics. For example, there have been fruitless attempts to straighten out relations with Cuba. He said:

"But let us imagine, theoretically, that the United States has established good relations with Cuba. What would that mean? Well, it would mean that the United States would have to take over the very extensive aid now being contributed by the Soviet Union in particular. The American taxpayer would certainly not put up with paying to support a communist system. Aid would be accompanied by demands for reforms which would be regarded in Cuba as a step backward in development, and the whole thing would come to nothing.

"So such a total change in direction is impossible. After all, we ourselves have experienced how hard it can be to get people to support a foreign policy which the leaders have found to be the only sensible one."

"He Who Moves Too Soon Loses"

[Question] "If, as you say, the United States wants to negotiate only from a position of strength, won't that make it harder to reach agreement in Geneva?"

[Answer] "Yes, but the Russians are doing the same thing, of course. Moscow says quite openly that a central objective of the Soviet state is to see that its security is safeguarded under all circumstances. And they are also concentrating on defense in a way that is far from being surpassed by U.S. defense efforts."

[Question] "There is a theory that Reagan wants to use the arms buildup to force the Soviet Union to follow suit, thus reducing the Soviet Government's possibilities for concentrating on a higher standard of living. It is said that an attempt is being made in that way to create domestic discontent in the Soviet Union. Is there anything to that theory?"

[Answer] "Well, at least there are many Americans in key positions who believe it. I don't want to say whether that is the government's viewpoint, but there are many analytical thinkers in the United States who insist on it and believe it."

In general, Iloniemi does not believe that the situation in Europe is as gloomy as it is made out to be. Some progress has been made--including the Soviet Union's latest initiative concerning the basis of calculation for intermediate-range missiles--but it seems highly uncertain whether agreement on those missiles will be possible before the deadline arrives.

Deployment of the U.S. Pershing II's and cruise missiles will begin at the end of this year. Of course, no one knows whether the negotiating parties have something in their back pockets that they will throw on the table at the last minute. The way it works is that each side holds back its final offer. The one who moves too soon loses, because the opposite party merely says "thanks" and asks him what else he has to offer, according to Iloniemi.

"It is in the nature of political--and also economic--negotiations that the one who is in a hurry pays too high a price.

"But whether there is any hope for such a last-minute solution is something that only the parties concerned can know."

Brighter View of START

As far as the talks on strategic weapons are concerned, Iloniemi takes a brighter view of the situation. But in this case, the U.S. presidential election is making a mess of the timetable. It would be tempting for the current President to be able to show off an agreement in the election campaign, but for that to happen, the ice will have to break within the next 7 or 8 months. During the election campaign itself, it will be impossible to conclude an agreement and even less so to get it approved by Congress.

so the timetable is being pushed back a couple of years. And if there is a new man in the White House, more time will be required while he familiarizes himself with the situation and gets his administration organized. If Reagan is reelected, he will be able to continue the negotiations without a break.

But of course, the START negotiations are not tied to a deadline in the same way as the negotiations on intermediate-range missiles.

In Madrid, the followup meeting by the Conference on Security and Cooperation in Europe is struggling with its final document. Jaakko Iloniemi is convinced that such a document will see the light of day:

"If nothing else, they will agree on when and where to meet the next time."

[Question] "What is the point of meetings where people cannot agree on anything except when to meet the next time?"

[Answer] "Well, at least the machinery exists, and it can be used when the time is right for talks, and that is important, because then time does not have to be wasted setting up the negotiating mechanism--on agreeing as to how the talks will be conducted."

Progress Despite Everything

[Question] "Has any progress at all been made in detente since 1975, or have things gone backward?"

[Answer] "Oh yes, certainly there has been progress. One should not give the CSCE credit for everything--although one would certainly like to--but look, for example, at relations between the two German states. I am not saying that reunification is any closer than before, but from the standpoint of ordinary people, a considerable change has taken place. It can also be said that the German problem is now of manageable proportions. There is no major risk now of a repetition of what happened in Berlin during the Cold War.

"On the whole, there has been a tremendous change in the FRG's relations with all of East Europe. It is things like that which have been forgotten and concealed by the violations that have occurred."

Same Policy, Other Methods

[Question] "After more than 5 years abroad and a change of government at home, does one notice any difference between Koivisto's 'third republic' and the Kekkonen era?"

"Oh yes," Iloniemi answered. "One certainly notices differences, although it takes time to get reoriented here at home despite the close contacts with home during my time in the United States."

One change he mentioned was that the press--the mass media--has begun to conceive of its role in a different way. A lot of things were kept secret before--

not only shady things but also such things as assessments of the political process: of what lay behind political events.

Another phenomenon he mentioned was that what he used to call the Kekkonen system no longer exists. It was a system based on personal relationships with a number of people in key positions--a way of leading and "governing" through persons rather than institutions.

"I believe that political decisionmaking during the last years of the Kekkonen era was more a matter of contacts among individuals than of relations among institutions.

"I think I am now beginning to see more interplay among institutions than among individuals. The institutions will play a bigger role in the future. The Kekkonen power structure is breaking down."

Koniemi also noted that as a result, the Soviet Union will have to change its attitude and adapt to the new realities:

"I do not mean that any attempt to change the thrust of our foreign policy can be seen. I have not seen signs of that anywhere. But the same policy is now being pursued with slightly different methods. This also requires a new attitude on the Soviet side.

"President Koivisto's first official visit to the Soviet Union will be interesting from that standpoint in particular.

"A big advantage for us is that there is such a broad consensus on key foreign policy questions that the situation is tremendously simpler than it was when Kekkonen took over in 1956."

Half a Dozen Foreign Ministers

[Question] "Now that you are free and no longer attached to the Ministry of Foreign Affairs and the diplomatic service, will you continue to devote yourself to politics?"

[Answer] "No, I have never felt drawn to party politics. But of course, I may write, give lectures, and meet with people. My duties at the bank are also partly of such a nature that I will have to deal with such things."

[Question] "Could people think of you as a possible minister of foreign affairs?"

[Answer] "There is no shortage of people--competent and willing professional politicians--who can become minister of foreign affairs. We are in what I consider the odd position of having half a dozen professional politicians who are well trained to become minister of foreign affairs.

"So there is no need to go outside that circle."

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ULTERIOR MOTIVES SEEN IN ELECTORAL SYSTEM MODIFICATION

Athens EPIKAIRA in Greek No 776, 16 Jun 83 p 19

[Text] The issue of the simple proportional electoral system is the "new bridge" launched by the PASOK in the direction of the KKE in an attempt to open a new bargaining phase and to achieve an improvement in the relations between the two parties following the recent strains in their relationship. According to cross-referenced information the PASOK has already asked to be informed of the KKE's views on the modifications it is studying, while it seems that the president of the republic was sounded out at one of his recent meetings with the prime minister. The question is whether the government indeed intends to modify a system which gave it an easy parliamentary majority, or whether it is attempting a new maneuver solely devised to soothe Mr Florakis' party.

The only thing that is certain at this time is that Mr Karamanlis opposes any any modification that would limit the possibilities for one-party governments, foreseeing that the parliamentary weakening of the two parties at this juncture would only open the way for a PASOK-KKE cooperation in the future.

However, it seems that this is the reason why the left wing of the PASOK is bringingup the matter. The hardliners' wing is emphasizing that at this particular time, when there is the threat of a decisive break among the "democratic forces," a stable connection must be planned for the two parties. This could be achieved through an electoral system which would make the PASOK and the KKE "not antagonistic, but competing parties."

"Connecting Link"

A modification of the reinforced proportional system that would mainly refer to the reduction of the limit of the second apportionment from 17 percent to 12 down to 3 percent is being proposed as the connecting link. This proposal is doubtlessly intended principally for the PASOK and only minimally for the smaller parties in the event this limit would reach the lower of the proposed levels (3 to 5 percent).

Despite the fact that its morale soared after the municipal elections, Mr Florakis' party is aware that the goal of 17 percent is still uncertain and difficult to attain, especially if the next elections will take place in

a climate of polarization favoring the two larger parties. As a result, it would very much like to see the modification take place as it wishes, with the limit going from 10 to 12 percent. On the other hand, it is doubtful whether a more drastic reduction that would go from 3 to 5 percent would be advantageous to the party itself, the reason being that this percentage would be easily attained by its archenemy, the KKE (int.), by the KODISO and perhaps by other forces which could claim, within a wider spectrum on the left, the ballots of dissatisfied PASOK voters. Therefore, the modification of the electoral system is a very significant negotiating advantage held by the PASOK vis-a-vis the KKE, be it only for a political truce until the real intentions of the two parties become obvious.

Those who support a rapprochement add that, moreover, any kind of modification constitutes a weapon for the element of pre-electoral surprise held by the PASOK, which could decide at the last minute what is in its favor and what is not. In other words, if the PASOK shortly before election time would find that it has no hope of achieving a majority that would permit it to govern alone, it could grant the KKE the advantage in the second apportionment, thus adumbrating the prospect of a post-electoral cooperation. If, on the contrary, the PASOK believed that it is holding on to its power and remains the strongest party, it would shape the electoral system accordingly.

Conflicting Views

However, there are conflicting views (coming mainly from the ranks of the parliamentary group) that oppose those held by the left-wingers. Most of the PASOK deputies believe that any modification in the direction of the simple proportional system would be interpreted pre-electorally as defeatism, while any prospect for cooperation with the KEE would push large masses of centrist voters into the ranks of the ND.

There is no doubt that these conflicting views within the PASOK have an ideological basis. Simply said, the movement's left wing has always considered the KKE as its natural ally and the center right spectrum as its rival. There are political arguments to support this view. The left wing says that the slogan for the next elections must be "never again the right in power." This rejection of the right is the "greatest achievement" of the Change, which must overshadow any failure and any weakness during the duration of the PASOK mandate. Moreover, the left-wingers add, a rapprochement with the KEE would ensure the continuation of the cooperation of the "democratic forces" in all mass organizations and all sectors while simultaneously constituting a "show of force" intended for all elements or forces conspiring against Change.

Mr Papandreou's Stance

Mr Papandreou's position in this intra-party difference is not known. Faithful to his usual tactics, the prime minister seems to have eclectically chosen a number of arguments from both sides. Setting aside the ideological dichotomy, discussion about an electoral system seems, at this time, to favor the government politically, even if restricted to sounding outs or the exchange of views through unofficial contacts and conferences between the PASOK and the

KKE. What does raise questions, however, is the inaction and fatalism on the part of the ND. Surely the opposition party is aware that all thoughts and plans are targeted against it. It has not even denounced the government's provocative statement that the new electoral law will be announced and brought to a vote on the eve of the next elections. This is tantamount to saying that the ND silently agrees that its rival has every right and every facility at using the element of surprise. And this is taking place when the PASOK as an opposition party sought and achieved a timely knowledge of the rule of the game, and also proclaimed that a prerequisite for the cleansing of our political mores was the need to enshrine a steady electoral system....

CSO: 3521/357

WILLOCH FORMS NEW BOURGEOIS COALITION GOVERNMENT

Labor Party Organ Comments

Oslo ARBEIDERBLADET in Norwegian 2 Jun 83 p 4

[Editorial: "New Government--New Policy"]

[Text] When an all Conservative government is replaced by a three-party government it means, in plain language, that the country has gotten a new government--even though the prime minister remains Kare Willoch.

Most people view this as a matter of course. It is therefore a rather unusual game that Prime Minister Kare Willoch plays when he reduces the government reorganization down to a change of a few ministerial seats in order to pursue further the Conservative Party's policy which his government has stood for since the fall of 1981.

Although there is formally nothing to prevent the format which has been chosen in connection with the plan for the change in the government, we want to stress that the most correct--and the most natural plan--would have been to have the current Willoch government resign and a new Willoch Government formed with the participation of the three parties.

We have noticed that this is a view which is shared deep into the Center Party and the Christian People's Party. We are hardly mistaken when we maintain that this is also the primary wish of party leaders such as Johan J. Jakobsen and Kjell Magne Bondevik. Here at the starting point they, however, are raising weapons for Kare Willoch and the Conservative Party. But Jakobsen or Bondevik are unable to accept a government changeover which must appear to the voters as if the Center Party and the Christian People's Party would enter the Willoch government in order to create a more secure base for the policy of the Conservative Party. Both party leaders have therefore persisted that a three party government means a new government policy basis. Important factors of the center policy must now replace the current conservative policy.

This involves some issues that even Kare Willoch cannot cover up. We therefore wait with anticipation to see what will be the result of the politic ' tug of war which is taking place in the prime minister's office.

When the result is clear, we expect it to be formulated like a government declaration which the Storting can discuss before it adjourns for the summer.

It is already clear that the economic policy is the main theme in the political discussion between the Conservative Party and the center parties. If the Center Party and the Christian People's Party are to come through this part of the negotiations "alive," Bondevik and Jakobsen must force Willoch and Presthus to put greater emphasis on regional and social policies than on tax reduction for individuals. This is not an easy job for Bondevik and Jakobsen but it is all the more important.

Even though the economic policy is the main issue, there is also a long list of individual matters to which a joint political solution must be found. In our opinion, the Tyssedal-matter must be put in a special class in the government negotiations. We want to note that the crisis was created by a demand from the Christian People's Party parliamentary group which wanted the practical aspects of the Tyssedal-matter dealt with this spring. It would be incomprehensible for most people if we get political horse trading which includes, among other things, that the Christian People's Party enters the government against having the Tyssedal-matter postponed. In a government the persons are also important. But not all equally important. When it comes to the formulation of the government policy in principal areas, the prime minister, the foreign minister and the minister of finance are in a class by themselves. In all coalitions that we know of in the Scandinavian countries and in West Germany (which we find most natural to compare ourselves with), we do not know of any single instance where one party has been able to fill all three offices. It will be registered as somewhat of a defeat--and humiliation--if the center parties do not secure themselves a position in the leadership of the new government.

In reality we take it for granted that Presthus is more important to Willoch than Stray, and the battle will be about the foreign minister's office. It is probably not the way Jo Benkow, chairman of the Conservative Party, among others, tries to present it, namely that it will be interpreted negatively abroad if Svenn Stray is not the foreign minister in a new Norwegian government even if it continues to be nonsocialist. For such reason, the Christian People's Party must not neglect to try to get Kare Kristiansen to fill the position in the Ministry of Foreign Affairs. In the Center Party, Johan J. Jakobsen is a natural candidate but one should not, however, exclude the party's former foreign minister in the Korvald government, Dagfinn Varvik. Nevertheless, the most important thing for the center parties, more than the personal choices, is to get a politician with experience in the government as Willoch's second in command.

Willoch Pledges Unemployment Fight

Oslo AFTENPOSTEN in Norwegian 4 Jun 83 p 3

[Article by Terje Svabo: "Prime Minister Kare Willoch: Employment Will Be the Main Task"]

[Text] "The main task for an expanded nonsocialist government will still be to secure the foundation of the welfare state and employment both as a short-term and a long-term goal. With respect to the competitiveness, it

is crucial that the rise in prices be reduced further," stresses Prime Minister Kare Willoch in an interview with AFTENPOSTEN. The prime minister underscores: Real reductions in both personal and business taxes will be the principal efforts in the government's work in order to strengthen Norwegian economy. With respect to wage and cost increases, emphasis will be put on reducing the progression of taxes on individuals.

For one week now, Kare Willoch has led the intense negotiations between the Conservative Party, the Christian People's Party and the Center Party in order to prepare a change-over of the Willoch government to a nonsocialist majority government. Based on the discussions that now have been taking place, AFTENPOSTEN has aksed the prime minister to point out some of the main elements in the foundation for the majority government.

Prime Minister Kare Willoch's statements show that in many areas it will be a continuation of the policy which the minority government pursued but, of course, compromises will be formulated during the negotiation process. In the interview with AFTENPOSTEN, Willoch stressed the importance of the three parties being in agreement on pursuing the main elements in the government's policy to the world, including defense policy and security policy. He points out that the efforts of securing free trade of goods and services across the borders will continue.

[Question] Prime Minister Kare Willoch, what will be the main task of a majority government?

[Answer] The main task of an expanded nonsocialist government will still be to secure the foundation of the welfare state and employment both as a long-term and a short-term goal. In order to achieve this, it is crucial that the price increases be reduced further so that the country's competitiveness can be maintained and preferably gets stronger. In formulating the finance and credit policy, it becomes necessary to take as a starting point the issue of curbing price and cost increases. This means that the government must put great emphasis on limiting the increase in public expenditure.

[Question] Will real tax reduction be given a place in this work?

[Answer] Real reduction of both personal and business taxes will also be among the principal efforts in the abovementioned work. Emphasis must be put on reducing the progression of taxes on individuals so that the brakes will be put on wage and tax increases, and initiative and motivation will be stimulated. Reduction of business taxes will especially stimulate innovation and private capital formation. Consideration of the economy of families with children must continue to play an important role in the tax policy, stresses Willoch.

[Question] What about employment on a long-term basis. How will the balance be between selective efforts and general terms?

[Answer] The requirement for securing employment on a long-term basis is that the economic policy must concentrate on general terms rather than selective funding to private businesses and special branches. Moreover, in the effort to reduce the transfers of state enterprises and reduce the number of idle businesses, the government must, however, take into consideration that the necessary readjustments will not cause unacceptable social and employment problems.

In this connection, the prime minister added that in a situation which requires very strong priorities of public expense, emphasis must be put on the following: A recognition of the interests of the more disadvantaged groups, as well as improvement in the housing conditions.

Willoch stated that the work in simplifying of laws, ordinances and regulations will continue, with a view toward improving administration and providing greater independence of action for individuals, business, municipalities and the counties.

[Question] Will the reform work in media policy continue?

[Answer] The reform work toward bringing about freedom of choice and variety of content on radio and television will continue, while at the same time the Norwegian Broadcasting Company will be the central institution for broadcasting in Norway.

With regard to the educational policy, the main emphasis will be put on the individual technical achievement and grades needed to enter secondary schools and colleges.

[Question] The three parties disagree on the oil and energy policy. Can an agreement be reached?

[Answer] Earlier there have been signs of disagreement among the three parties on oil and energy policy. Today, however, the three parties are, as far as I can see, in agreement on most of the principal features of this policy. Work of reorganizing of the state's participation in the petroleum operations and a fair division of the work between the Norwegian oil companies will continue. Statoil will at the same time play the principal part in the business side of the oil operations.

The rate of development of the search and research operations must be maintained so that freedom of action is secured in the developmental policy and in satisfying production progress, stresses Prime Minister Kare Willoch.

Center Party Leader Tells Goals

Olso AFTENPOSTEN in Norwegian 6 Jun 83 p 3

[Article: "Center Party Looks Towards Higher Profile"]

[Text] The central committee of the Center Party now looks in unison towards a government with a more center oriented policy. This is obvious after yesterday's approval by the central committee of the political basis for the reorganized government. The leader of the parliamentary group and chairman Johan J. Jakobsen stressed that the political demands of the Center Party had been met during the government negotiations. The Center Party's precondition, just like the Christian People's Party's, for the participation in the government is that the three parties reach an acceptable distribution of the ministries. Today there is very little reason to believe that the Conservative Party, the Christian People's Party and the Center Party will not agree on the distribution.

At a press conference in connection with the central party congress, Johan J. Jakobsen stated that it is now definite that he will be in the reorganized Willoch government. It is therefore in the cards that parliamentary member Johan Buttedahl from Buskerud will be the new leader of the parliamentary group. Jakobsen stressed that he thinks it is unfair if the Center Party does not get at least three ministers. Indications are that this wish will be fulfilled.

The party chairman referred yesterday to the Center Party's congress which presupposes that a three-party coalition would bring changes in the political course in relation to the present Conservative government. Jakobsen said that the political negotiations which now have ended, show that the reorganized government will pursue a policy which is based on the joint lists in 1983 and the three-party platforms. According to Jakobsen, this includes even more of the center oriented policy than the present government pursues.

During the press conference, Jakobsen referred several times to the record which is written in connection with the political negotiations. He especially pointed out that it is stated about the tax policy that it should be based on the tax compromise which the three parties agreed on in the Storting last fall and not on the government's tax proposal.

In the Center Party's opinion this will lead to greater emphasis being put on taxation of businesses and families than on direct personal taxes. He persisted, however, that it is included in the packet that real tax relief will be implemented in all three areas but that the Center Party is satisfied with the priorities that have taken place with respect to taxation of businesses and families. Priority will be put on average income in reducing personal taxes.

With regard to the ongoing discussions about who will be in the government, Jakobsen stated that the party has submitted a proposal with "a bunch" of names. The parties have selected the method of presenting more than three names in order to have more than three alternatives, all depending on which ministries go to the Center Party when all is said and done. Jakobsen did not want to say which names were on the list but Johan Buttedahl confirmed that there are others besides Jakobsen from the parliamentary group who are mentioned in the proposal.

On the question of how it is possible that all three parties will be satisfied with the political basis for the reorganized government, Jakobsen stressed that none of them has proposed unrealistic demands. On Friday the central committee of the Conservative Party praised the negotiations results and elaborating on that Jakobsen stated: "That means that the central committee of the Conservative Party has not put the level of ambition far too high."

Christian People's Party Leaders Comment

Oslo AFTENPOSTEN in Norwegian 8 Jun 83 p 3

[Article: "Christian People's Party Satisfaction with the Political Basis"]

[Text] Before the government negotiations began, the Christian People's Party put forth three demands for the political basis for a majority government: the government's policy will in general be based on the Christian People's Party's value basis, the party's privileges on the abortion issue will be maintained as the Christian People's Party is of the opinion that the current law is contrary to the party's principles and that it is necessary to pursue a more center oriented policy.

Now it can be established that the demands have been fulfilled and the Christian People's Party has reason to be satisfied, assertains Kjell Magne Bondevik, chairman of the party, in an interview with AFTENPOSTEN. On Saturday the Christian People's Party central committee voted, with one vote against, to accept the political basis for a coalition government. It came therefore not as any surprise that the Christian People's Party Youth Organization's representative was the only one in the central committee to vote against it. In the resolution on Saturday it is presupposed that the party will receive a good representation in the expanded government.

What will be good enough for the Christian People's Party is probably that the party would get four ministers. On top of the list is the office of the foreign minister, but if this office, contrary to expectations, should go to the Christian People's Party, the party will have to be satisfied with three ministers.

Party Chairman Kjell Magne Bondevik will, according to all available indications, become the new minister of Church and Education. Furthermore, the Christian People's Party is very interested in the Ministry or Consumer Affairs and Administration, and it has not decreased its appetite for this ministry that Annelise Hoegh of the Conservative Party stressed officially before this weekend that the Christian People's Party must not get that ministry because of the party's views in the family policy.

In addition to the abovementioned ministries, the Christian People's Party is interested in choosing between the Ministry of Oil and Energy and the Ministry of Social Affairs.

In a conservation with AFTENPOSTEN, Party Chairman Kjell Magne Bondevik stressed that his party puts a great importance on the political results that the three parties have reached in the negotiations. Bondevik is of the opinion that the demands of the Christian People's Party have been met on many counts, especially with regard to the family policy. On the economic policy Bondevik states:

"There is an agreement that a strict finance policy must be pursued but that will be in favor of the weak groups. That means that we have obtained a clear social and regional political profile from the negotiation results. When it comes to the tax policy, we are satisfied with a relief in taxation of both families and businesses. This involves a clearer center oriented profile and our presupposition of being able to show our distinctive character in the three party coalition policy is hereby well on its way of being fulfilled," states Kjell Magne Bondevik.

There have been speculations whether the Christian People's Party and the Center Party now during the final stretch will coordinate their demands for ministers. To this Bondevik says that it depends on collisions of interests between the Christian People's Party and the Center Party as well but that the two center parties have a joint interest in coordinating their wishes in such a way that together they will achieve the best possible results.

'Milestone' for Bourgeois Cooperation

Oslo AFTENPOSTEN in Norwegian 8 Jun 83 p 2

[Editorial: "The Government: Willoch the Second"]

[Text] A milestone in nonsocialist cooperation was passed today with the formation of a broad nonsocialist coalition government under the leadership of Kare Willoch. For the first time since 1971 Norway has a majority government, and again it consists of the Conservative Party, the Christian People's Party and the Center Party which cooperate in order to solve the social problems--by mutual and obligating cooperation and respecting each others distinctive character. In a remarkably short time the three parties have agreed on the main elements in a joint nonsocialist policy with promising perspectives for a Norwegian society in the eighties. The coalition government's action program is suited to create new optimism in areas where severe problems have characterized recent developments.

What primarily must be emphasized is the unity which has been reached in the handling of the key problems in the Norwegian economy. The records of the political basis for the government reorganization (coalition agreement) shows clearly that the Conservative Party, the Christian People's Party and the Center Party will make joint efforts in the fight against inflation. In order to curb the price and cost increases, which is crucial for the competitiveness and employment, the coalition parties have obligated themselves to pursue a strict finance policy. The government's political plan is formulated with recognition of the serious responsibility

of the parties to get rid of the problems. Characteristic of this is that Kare Kristiansen, the leader of the parliamentary group of a party which ealier belonged to a group of so-called "expense parties," stated the following at a press conference yesterday. "In this current situation, nobody is able to force through appropriations for which there is no real economic basis."

The guidelines which were drawn up for the tax policy give the same impression of a firm and decisive desire to stimulate Norwegian economy--by stimulating increased initiative and efforts everywhere in the Norwegian society. We believe that there is full proof for saying that the unity which has been achieved in record time both about the government's political basis and about the distribution of ministerial posts, shows that the time for a nonsocialist coalition government was actually overdue. We have, of course, stated that such a government formation should have been here long time ago--in order to be able to combine the efforts in solving the serious social problems. We are also convinced that the clarification that now has taken place will be in the interest of the concerned parties and Norwegian politics in general.

The composition of the three party government offers an excellent basis for obtaining results sought for by an expanded cooperation. Many of the new ministers have extensive political and parliamentary experience and do not only represent repalcement but in the opinion of many represent strengthening of the government as a political collegium. At the same time, the Conservative Party has kept its most able people in many of the government's key positions, ministers who each in their fields will pursue the work that long ago started to characterize Norwegian politics and social life. We find it especially reassuring that Svenn Stray will continue to lead Norwegian foreign policy and--above all—that Kare Willoch remains prime minister in times that are disturbing and difficult. It is hard to think of a politician who is better suited to take on this task than he is.

9583
CSO: 3639/127

STOCKHOLM DAILY VIEWS CURRENT PROBLEMS OF ICELAND

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 2

/Editorial by PJ: "Icelanders"/

/Text/ The Icelanders are constantly waging two kinds of war: for their fishing waters and against inflation. No government seems able to cope with the latter. And hardly either can the liberal-conservative coalition recently formed on Thursday, which boldly did the same old thing--a substantial devaluation.

The mistake is that the fixing of practically all wages in Iceland--private and public--is by custom tied to the income from fishing. The fishing sector is almost always decently profitable for both the companies and employees. On the other hand, this is not so for the public sector or for the craft-oriented industry and agriculture wich constitute the remainder of Iceland's economic life.

Consequently, Iceland will have to live with its inflation as long as fishing is allowed to guide both the private economy and the national economy.

6893
CSO: 3650/205

POLL: SUPPORT FOR SOCIALISTS REMAINS STABLE

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 6

/Article by Dick Ljungberg: "Gain for the Center Party"/

/Text/ The Center Party has increased by 2 percent and the Left-wing Communists by 1.5 percent, while the Moderates have lost 2 percent according to the DAGENS NYHETER-Institute for Market Research /IMU/ poll of voter opinion for April-May. The Liberal Party lies dangerously close to falling out of parliament.

The poll was made during the period 18 April-11 May. Nine hundred and nine people were interviewed. All the changes since the previous poll lie within the margin of error.

The Submarine Commission made its report during the period of the interview, and the debate on defense and security increased.

The government presented its supplementary proposal regarding the economy and was strongly attacked by the opposition. It was already clear earlier that the government would not get through the increases in energy taxes as planned.

The labor movement celebrated 1 May demanding the wage-earners fund. A proposal for corporate profit sharing was made--the first step towards the wage-earners fund, according to the nonsocialists and the business community.

The Moderates Decline

Even in the previous poll--the one for March-April--the greatest changes concerned the Moderate and the Center Parties, but at that time the Moderates went up and the Center Party down. With the current reversed results the figures are again closer to the trend in the four IMU polls made after the election.

--The Moderates went down by 2 percent from 28 percent in the previous poll to 26 percent. The increase last time was a whole 3.5 percent, so even after the decline this time the trend of the Moderates is upwards. They have all the time been a good bit over the 1982 election result of 23.6 percent.

--In the polls since the election the Center has been a few percentage points under the election result of 15.5 percent. After a decline to 12.5 percent in March-April they now went up with 2 percent to the "usual old" 14.5 percent.

--The Liberal Party after the catastrophic 1982 election--5.9 percent, a decrease of 4.7 percent--is now hovering at the 4 percent mark, the requirement to be represented in parliament. The party has this time an unchanged 4 percent, and there are no signs of an increase.

--The Social Democrats went down by 0.5 percent to 44.5 percent. They appear to be quite stable, just under the election result of 45.6 percent.

--The Left-wing Communists went up by 1.5 percent to 5.5 percent and achieves thereby a 10 percent improvement from the results of the last 2 elections. Judging from the statistics so far, the Left-wing Communists have a more secure existence in parliament than the Liberals. The Left-wing Communists have also forced the socialist government to compromises two times.

The position of the two blocks in general is unchanged. The nonsocialists together remain at 44.5 percent, while the socialist parties increased by 1 percent to 50 percent.

Among the small parties the Environmental Party shows a decreasing trend. The number of people interviewed who cannot or will not answer to the question on "the best party" lies at a low three percent.

Polling Period	21 31 Jan- 2 Mar 1983	22 21 Mar- 14 Apr 1983	23 18 Apr- 11 May 1983
Number of eligible voters interviewed, with party orientation (basis for %)	905	910	883
Percent regarding as best party			
Moderate Coalition Party	24.5	28.0	26.0
Liberal Party	4.5	4.0	4.0
Center Party	14.5	12.5	14.5
Christian Democratic Party	2.0	2.5	1.5
Social Democrats	44.0	45.0	44.5
Left-wing Communist Party	5.0	4.0	5.5
Environmental Party	3.5	3.0	2.5
Other parties	2.0	3.5	3.0
Percent of eligible voters who cannot or will not state "best party"	4.0	3.5	3.0

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PAPER DISCUSSES POLL DECLINE OF LIBERAL PARTY

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 2

/Editorial by AL: "No Brightening for Liberal Party"/

/Text/ The political party opinion wind appears to have slackened. The surveys in recent months by the Institute for Market Research /IMU/ regarding voter opinion indicate a stable stagnation, broken only now and then by squalls, the strength of which, however, is for the most part within the statistical margin of error.

Last month's survey by IMU had a noteworthy change: the Moderate Coalition Party increased from 24.5 percent to 28 percent. That could be regarded as great progress, a breakthrough to a higher level. But in the new IMU survey, which DAGENS NYHETER is publishing today, the Moderates have already lost their gain and now are about 26 percent. In contrast the Center Party has regained the 2 percent the party lost last month and are back at the same level as in March, 14.5 percent.

The changes which have occurred during the spring have thus been temporary and reflect more the inherent uncertainty of surveys than actual shifts in opinion. The overall impression is that there have been hardly any changes at all.

This stability must encourage the Social Democrats, who despite debates involving broken promises continued to have difficulty with the wage-earners fund and disappearing sumbarines, are securely anchored to the 45 percent mark.

The stability must also distress to the same degree the Liberal Party, which seems incapable of rising over the four percent level. After the electoral defeat last fall there was much talk in the party about the need for a sharpening of ideology and a cleaner delineation of views. As yet, the Liberal Party has not found anyone asking how its ideological stance is particularly distinctive.

And it would presumably be a mistake to concentrate political energy on such questions. The dilemma of every middle party is exactly that it stands out less clear and is harder to identify than the extremist parties. Its success is determined by the extent to which it can convince the citizens that such a middle position is sensible and well-balanced. It is with this unglamorous and unrewarding mass media-wise public opinion task that the Liberal Party must struggle.

BENGT WESTERBERG TO LIBERALS' LEADERSHIP SPARKS DEBATE

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 6

[Article by Dick Ljungberg: "Controversial Election; Westerberg in Liberal Party Leadership"]

[Text] Bengt Westerberg, following his former chief in the budget department, is entering into the highest leadership of the Liberal Party. The Liberal Party's executive board decided this at a meeting in Stockholm on Saturday. Westerberg is a very controversial person in the party. He is considered to stand in economic policy ver close to the Moderates.

Bengt Westerberg has long been regarded as a promising star in the Liberal Party. Obviously, it was expected that he would go into the party leadership group, which was formed after last year's catastrophic election for the Liberals and which led to the big contest about Ola Ullsten.

But just before the party's extra congress in January Westerberg became head of the newly formed institute, Market Economy Alternative for Sweden (MaS). The institute is financed by the business community--its yearly budget is calculated to be 2.5 million according to Westerberg, and representatives for the nonsocialist parties sit on the executive board. The Moderates' member is Carl Bildt.

That was too much for the members at the Liberal Party's congress. And Westerberg withdrew his candidature.

Even a strong Liberal Party man as Hans Schoier, chief editor of ESKILSTUNA KURIREN, wrote shortly before the congress that Westerberg in starting the institute was jeopardizing the party's integrity. If Westerberg takes a place in the Liberal Party leadership with the task of participating in the ongoing party decisions, then they are asking for trouble, in Schoier's opinion.

The Liberals were also divided over Bengt Westerberg's contributions as undersecretary in the budget department. Together with Undersecretary Sten Westerberg in the economics department--the two were called the firm of Westerberg and Westerberg--he was the architect of the centrist government's savings proposal in the budget and among other things sick leave.

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7 July 1983

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No. 2169

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ERRATUM: In JPRS 83753, 23 June 1983, No. 2164 of this series in article entitled VAN HOUWELINGEN ON MILITARY PROCUREMENT, MAINTENANCE, page 112, please make the following correction in 1st paragraph, line 4 and 3rd paragraph, line 1, the word billiards should be changed to read billions.

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FRANCE

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PAPER CRITICIZES SOCIALISTS ON EUROMISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 83 p 8

/Editorial: "Footnote to History"/

/Text/ The Social Democratic Party is about to make Denmark a footnote country. By supporting the left-wing attempt to reform the government's NATO policy at the wrong time, the Social Democratic Party assumes the total responsibility for the fact that Danish viewpoints soon will no longer be taken seriously within the Western alliance. Obviously Denmark does not want to be disregarded in the NATO councils, because in an alliance of countries with the same viewpoint each has the right to have its own opinion. But if it is without relevance and objectively remains without consequences, the country will only be listened to and politely be reduced to a footnote in the discussion report. This is the place that Greece has systematically secured for itself during the recent years, and it is this place that Denmark is now steadily working on obtaining.

Next week, the majority in the Folketing can, if the Social Democratic Party wants to, direct the government to take all steps to have deployment of American missiles in West Europe put off while talks with the Soviets are taking place in Geneva. If the missile debate on Thursday is any indication, NATO will at the same time receive the message that the British and French missiles will be included in the talks, as the Soviets want it to be, and the talks, for that matter, will be interminable if they don't terminate by themselves.

Our allies no doubt will, with interest and some surprise, hear the Danish Government submit the request that NATO revoke its double decision from 1979, because that is what it is all about. At that time, the alliance decided to try to redress the power balance in Europe after the Soviet missile rearmament--with negotiations on limitation of the Soviet forces to a more acceptable size or by deployment of American missiles as counterbalance and most like by a combination of the two. Now the majority of the Folketing wants only the negotiation decision to be in effect.

During these 4 years, NATO has negotiated and worked on the basis of the prerequisite that the implementation of the 5-year missile program should start at the end of this year when it was to be ready--if in the meantime definite progress in the talks between the United States and Soviets has not taken place. There was to be a form of pressure on the talks, and this strategy is being

confirmed in unison by the NATO allies at every given opportunity. At the end of 1983 stock was to be taken of the negotiations to see how much the Western missile program could possibly be reduced.

The end of 1983 is not next week. It is not now but in half a year that NATO will have to think over its position. It is now, however, that the talks are approaching the final phase, and from each viewpoint it is at the wrong moment that the Folketing wants to advocate an unterminable postponement of the missiles. Good advice from the country in the alliance that has the least difficulties in this case will be considered cheap or nearly indecent.

9583
CSO: 3613/121

SOCIALIST DEFENSE SPOKESMAN LASSE BUDTZ TF STAND CRITICIZED

Copenhagen BERLINGSKE TIDENDE in Danish 27 May 83 p 16

/Article by Lasse Budtz, MP (Social Democrat): "There is Logic in Our Policy"/

/Text/ The contribution by architect Ole Pagels in the BERLINGSKE TIDENDE on 28 May under the headline "The Social Democratic Party Is Irresponsible" demonstrates a certain ignorance about the Social Democratic Party's foreign policy and therefore it might be a good reason to give the architect and other readers of the paper a few guidelines which they are unable to get by reading reports by BERLINGSKE TIDENDE or editorials.

The Social Democratic Party would only run away from its responsibility in Danish foreign policy if we in the Parliament did not live up to what the party stands for and is confirmed by the parliamentary group less one member (plus one assigned Greenlandic member who may be presumed to have very special motives) plus the party's executive council. We cannot say one thing here and another someplace else.

But here enters the essential thing, namely that we would find it irresponsible if we did not try to be of use in the disarmament efforts. We feel that disarmament is too important a matter to leave to the superpowers. We are in fact quite convinced about their desire in this direction, but we want other means than the government has brought into use, for by doing nothing, nothing happens anyway.

As was maintained during the debate in the Folketing on 26 May, we are not putting a question mark to Danish participation in the NATO cooperation as we cannot see any other alternative for Danish security policy. But we do not want to be like sleepwalking participants accepting everything that comes from NATO only because it comes from NATO or our biggest ally, the United States, with which we, for that matter, have so much--and all so very good--in common.

Moreover, we want the traditional, broad cooperation in Danish foreign policy protected, and on many occasions we have maintained that strongly in the Parliament just in order to persist in that in all other areas of Danish foreign policy where we agree--which is definitely 90 to 95 percent of the comprehensive Danish foreign and security policy.

But in the area of nuclear weapons, the current government does not follow the foreign policy purused by the earlier social democratic government, which is underscored by the fact that already on 27 November 1979 the former foreign minister, Henning Christophersen, said "now for the first time in many years, a Danish government has clashed with the opposition on a crucial foreign policy and security issue." This was in connection with reservations of the government at the time over the double resolution which we first staved off in order to give the negotiations another chance.

In other words, there is a logical continuity in the Social Democratic Party's foreign policy and our position should therefore not take anyone by surprise. There is not, as Pagels indicates, any fluctuating course involved but enough about aggravation as a result of the development. After all there is nothing that is static in foreign policy, as is well known.

The strongly critical position held by the Social Democratic Party on developments in Poland--which has been expressed on numerous occasions--ought also to be well known to anyone who wants to study Danish foreign policy further, and it was again expressed during the debate in the Folketing on 26 May. This critical position is shared by the government. On the whole, however, the aforementioned debate underscored paradoxically that we and the government hold the same position in numerous areas and it seems to us that we should to a still higher degree try to concentrate on what unites the government and the largest opposition party rather than on what separates us.

Finally, I just want to add that not in our wildest fantasy did we believe that the government would not abide by the position taken by the majority in the Folketing, as expressed in the resolution which was passed on 26 May. This is a very serious declaration which will, of course, be respected by an honest democratic state as is Denmark. To call it political teasing and spite is--pardon me--a worthless characteristic in handling such a serious matter. I also think that architect Ole Pagels, whose honest motives I do not doubt, will admit deep down that I am right.

9583
CSO: 3613/121

BUDTZ DEFENDS SOCIALISTS' STAND ON MISSILES, ARMS TALKS

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jun 83 p 9

/Editorial: "Denmark Plays Waiting Game"/

/Text/ Chairman of the Social Democratic Party Lasse Budtz yesterday gave a lesson in how simultaneously to keep flour in the mouth and blow, and he stood there as the great Pjerrot of Danish foreign policy, silly and covered with flour.

First he blew forcefully in the Folketing's missile debate with a resolution that was to turn Danish and Atlantic policy upside down before the Geneva talks, and then he spit out his pound of flour over the whole thing by a guarantee that the Double Resolution of 1979 was of course in effect as the basis for the policy purused by NATO and Denmark.

It is unfortunate that the leadership of Denmark's largest political party wants to put its name and recognition to such an idea. For more than 30 years after the war, the Social Democratic Party was a responsible and serious party, both in and outside the government, in all affairs that dealt with Danish security policy. During his last half year in the opposition, the party's leadership has wasted its foreign policy solidity in a silly game with high political viewpoints, and the presentation yesterday was the high point of his debauchery.

The Social Democratic Party got a majority in the Folketing to direct the government to propose in the NATO council as Denmark's request that the whole pattern of talks with the Soviet Union be reorganized; all preparations for deploying Western missiles will be put off indefinitely even though the Soviets have almost installed all their missiles; the Soviet demand that the British and French missiles will now be included and shall be accepted forthwith; and the talks will be made interminable by combining the discussions of tactical and strategic weapons--the intermediate-range missiles from the INF talks and the intercontinental missiles from the START talks. These are requests which unsettle the whole foundation of the Western negotiation plan in Geneva and it is nonsensical and futile to submit these requests to the North Atlantic Council at this late date as Danish policy.

The government could have refused, on good grounds, the responsibility of carrying forth this expression of opinion from the Folketing to our allies in NATO. The government's lack of political insight and coehsiveness is degrading

for our international prestige. But when the government was guided by the Social Democratic Party's definite guarantee that it will be perceived as having no consequences on Denmark's loyalty to the Double Resolution and the membership in NATO, the government's resignation and an election now would have given too serious an impression of a party political high point at this time. One can only hope that our allies will realize that it was only Pjerrot who was duped while waiting.

9583
CSO: 3613/121

REMOVAL OF SUPERFLUOUS U.S. NUCLEAR ARMS FROM EUROPE URGED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Jun 83 p 7

[Article by Guenther Gillessen: "Half of U.S. Nuclear Weapons Would Be Enough; NATO Could Do Without a Large Part of the Nuclear Battlefield Weapons; Ruins of an Outdated Strategy"]

[Text] Perhaps 3,000 U.S. nuclear weapons in Europe, half of the present stockpile, have become superfluous and could be removed without harming West Europe's security. That is the opinion of many officers who are serving or have recently served in high and highest Bundeswehr or NATO positions. What they are referring to are the relatively small short-range nuclear weapons. This category of relatively small nuclear weapons is not to be confused with the intermediate range weapons that are the subject of the NATO dual decision and of the Geneva INF negotiations.

A recent editorial (FRANKFURTER ALLGEMEINE of 6 June) asked for consideration of the idea that reducing the smaller nuclear weapons by one half could facilitate the stationing of intermediate range weapons--if the reduction is sufficiently explained to the public--in case the attitude of the Soviet Union at the Geneva disarmament negotiations makes the stationing necessary.

The proposal to remove half of the U.S. nuclear weapons now stockpiled in Europe--if necessary even unilaterally without Soviet quid pro quo--does not signify advocacy of a general abolition of nuclear weapons nor of unilateral disarmament. The removal should apply only to the excess of small nuclear weapons. The quantity that is no longer needed cannot be determined arbitrarily but depends on the mission. These weapons are to deny the adversary concentrations of large numbers of troops in a small area, concentrations that are necessary to carry out a breakthrough attack.

Prior to the introduction of small nuclear weapons in the Western defense option, the then rather small Soviet divisions were stationed

in small areas, of about 10 square kilometers each. On account of the Western nuclear weapons, the strength of the divisions grew to more than twice this size in the meantime and they were spread out over an area 60 times that of the original area. Troop density changed from the former average of 500 men per square kilometer to the present approximately 20 men. In other words, the short-range weapons forced the Soviet Union to spread out and disperse its shock divisions.

The presence of nuclear weapons exposes all sizable troop concentrations to a high risk of destruction. If they wanted to attack in the dispersed formation, then they could be more easily stopped by conventional means.

The large quantity of the original 7,000 U.S. nuclear warheads in Europe--in 1980 1,000 of them were unilaterally removed by NATO without much fuss--is a relic of the strategy of the early sixties. Up to that time, the Western alliance had based its plans on the consideration that the Soviet troops with their great superiority in conventional forces could be fought by NATO with the help of the small nuclear weapons. As a matter of fact, the Soviet Union at that time could not even consider to check a local Western nuclear weapons commitment with a Soviet strategic nuclear threat against the United States. However, they reached that point by the end of the sixties. NATO had to change its strategy from the threat of "massive" retaliation to a "more flexible" defense, according to the principle that commitment of nuclear weapons should be considered only for extreme cases. Since then, nuclear "battlefield weapons" can no longer be regarded as a cheap stopgap measure, as a continuation of the artillery with other means. The assessment of the short-range nuclear weapons as "tactical" weapons was, of course, a misconception from the beginning. But when this misconception was removed, the parliaments of the NATO countries failed to expand conventional means for "flexible" defense. That is the reason why the NATO commanders were forced to retain the stockpiles of battlefield weapons contrary to the new strategic doctrine.

Recently the possibility has developed for considerable improvement of conventional defense capability without increasing the number of western troops merely through the increased effectiveness of the weapons and through progress in their electronic control and guidance. The technical journals now state with increasing frequency that practically all goals at one time assigned to short-range nuclear weapons can now be met with the same effect but with less attendant damage and therefore with greater "credibility" by new conventional weapons and this without running the risk of nuclear escalation.

In the meantime, conventional systems have been developed for dropping a mine field in the path of an approaching tank attack or for blocking the runways of airfields. There are weapons for

reliable destruction of point targets, such as bridges and crossroads deep in the deployment zone and of the concentration areas for second and third waves of the followup attack divisions. Assuming procurement of these weapons in sufficient numbers, NATO will be able to do without most of the smaller nuclear weapons without risk to security. Even now NATO can do without many hundreds of nuclear shells for the 155 and 203 mm artillery howitzers in the army brigades and divisions. These weapons have a range of only 20-30 kilometers.

In the judgment of respected officers with experience in top command positions, it would suffice if the NATO ground forces would retain only one short-range weapon in reserve, the "Lance" rocket (range: 100 kilometers, soon 200 kilometers) and that only in the corps artillery. In addition, a second type of ammunition, a conventional warhead with modern cluster weapons, could be developed for the "Lance." With the introduction of the "Patriot" air defense system to replace the "Nike" system, the entire NATO air defense also could once again become conventional. As regards the nuclear mining and barrier weapons (ADM), the opinions are not unanimous. These weapons have some disadvantages but they have the political advantage that, once they are set up and armed, they are activated not by the defender but by the attacker and thus it would be the latter who must make the fatal decision to cross the "nuclear threshhold."

Roughly 60 percent of the U.S. nuclear weapons potential in Europe are short-range weapons with ranges of a few kilometers. The other part are weapons that are kept in readiness for rockets such as Lance and Pershing I and for fighter-bombers (F 104, F 4) with ranges of between 100 and 1,000 kilometers. The purpose of these systems is to seal off the battlefield from the other attack waves that are deployed behind the lines and expose themselves during an advance and to paralyze the enemy air force.

The battlefield nuclear weapons, especially the large number of nuclear shells, can first be dispensed with. Their presence is also politically not desired. For the small nuclear weapons suggest the idea that NATO considers it as possible to fight a war with nuclear weapons that can no longer be carried on with conventional weapons. As a matter of fact, Western nuclear weapons have never had this purpose. They were rather designed to force the enemy to a form of deployment and to the choice of warfare in which it could be fought with conventional weapons with good prospects of success. The operational deployment of small nuclear weapons is to be understood primarily politically, as a final political signal to stop, as an emergency brake of war. This meaning is being obscured when warheads are available in such quantities that the enemy--and more importantly--also the friend, namely one's own population, misinterpret the presence of small nuclear weapons as suicidal

readiness on the part of the West for a nuclear war of total destruction.

Reassuring one's own population is one of the most important components of a policy that is to deter a nuclear-armed adversary such as the Soviet Union from an attack and that has to assume the task of this deterence for a long time. Such a reassurance and maintenance of the domestic political self-confidence demands a balance of the military means per se and in relationship to a peaceful foreign policy. This balance makes it credible. Thus there is hope for continued success in maintaining the treasure of political self-determination and avoiding the danger of a nuclear conflict.

The proposal to reduce the U.S. warheads in Europe by about one half must also be seen within its limits. It must not be expanded perhaps so far that an attacker should feel free of any nuclear risk on the battlefield or in the concentration areas. A minimum of small nuclear weapons must remain to maintain the necessity for dispersed deployment. This minimum quantity must not be too small. It ought to be a number of sufficient size and variety, so that an attacker does not have reason to hope that he can neuralize all of them by a surprise attack.

Furthermore, the proposal to reduce the quantity of short-range weapons unilaterally by one half must not be interpreted as the beginning of further unilateral disarmament or even as renunciation of the deployment of intermediate range weapons. The reverse is intended. Excess battlefield weapons, these ruins of the outdated strategy, may now be removed because the task of the nuclear weapons can now be reduced to sealing off the battlefield from the rear areas of reinforcement and there, too, a rather small number (572 intermediate range systems) are regarded as adequate.

Such a decision would not even be new. In 1980, NATO unilaterally removed 1,000 small, allegedly "obsolete" nuclear weapons and thus reduced the total number from 7,000 to 6,000. Of course, one's own population deserves a better presention of a second reduction than occurred in 1980. It would help disprove frequently held ideas that Western security policy cannot think of anything better than continuing to stockpile more nuclear weapons. A reduction could also help calm the danger frequently fantastically overestimated by laymen of the triggering of a nuclear war because of misunderstanding, false alarm, accidents, panic or the supposed arrogance of military commanders.

Some reply ought to be made to correct the argument of the adversaries of nuclear defensive weapons that such a removal actually concerns only obsolete and outdated weapons and therefore was actually worthless. For example, obsolete weapons are usually replaced by modern ones. Thus NATO renunciation of modernization of

"obsolete" short-range weapons at any rate means real disarmament. This way NATO demonstrates that what it plans and does is not exactly an "arms race" even though its adversaries call it that but a restriction to what is necessary. A drastic reduction of the nuclear battlefield weapons would also signal that NATO wants to avoid under all circumstances early deployment of nuclear weapons and raises the "threshold" just high enough that a limited aggression can be warded off by conventional means but that anything that goes beyond that would have to require a large amount of preparation and effort from the attacker, so that "misunderstanding" or "accident" would be out of the question. Thus the defender's nuclear weapons would inevitably be called into action to prevent any further advance.

12356
CSO: 3620/376

STATE SECURITY DIRECTOR ON ZEN PLAN IN BASQUE COUNTRY

Madrid YA in Spanish 2 Jun 83 p 15

[Text] Pamplona--"The only thing to be negotiated with the ETA [Basque Fatherland and Liberty Group] is where and how they are going to turn over their weapons," said State Security Director Rafael Vera, after his meeting with the Navarra authorities, to whom he explained the features of the Zen [Special Northern Area] Plan, and how it would be applied in the region.

Rafael Vera made special note of the investment which is going to be made to improve the Civil Guard's barracks and installations, "which in this area are in a subhuman or third-world type condition." The plan anticipates an expenditure of 2 billion pesetas, which will also be used to renovate the quarters of the National Police and the building occupied by the Pamplona Police Headquarters, as Maria del Carmen Llamas reported. One of the results of the conversation between the director of security and the members of the regional deputation has been the creation of a joint commission to follow up the issues in the plan, as well as another commission to study "soonest" those subjects which because of their importance ought to be included in the ZEN, or should affect it.

Regional deputy Angel Lasuncion asserted that "we thought the plan was effective and appropriate to the Spain of today: a state under law, and a democracy," and that it was not a plan of "repression against repression," but rather one for the defense of the citizens against the phenomenon of terrorism.

However, Rafael Vera pointed out that the ZEN was not a panacea to finish off terrorism. "It will have to be applied and improved over the course of time."

In a press conference with the Navarra information media, the director of state security was forthright in his stand upholding political measures which it would be appropriate to use as an alternative to police action. "This is borne out by the fact that the government has been using political measures for a long time, and the Basque Statute is already 90 percent completed. This plan works against the terrorists, and helps prevent their danger to the citizens' security."

In regard to some interpretations of the contents of the plan, particularly the one which referred to the clothing which the terrorists usually wear, Mr Vera explained that "naturally there is no typical ETA uniform. It so happens that when they are in action the terrorists usually wear a windbreaker, jeans and sport shoes, and this information should be taken into account."

8131
CSO: 3548/437

SAN SEBASTIAN VIOLENCE AGAINST ZEN PLAN

Madrid YA in Spanish 2 Jun 83 p 10

[Article by C. Muro]

[Text] San Sebastian--Early yesterday afternoon several incidents took place in San Sebastian when a group of individuals who were taking part in a demonstration against the ZEN [Special Northern Area] plan had a confrontation with the police. This demonstration, protesting the plan drawn up by the Ministry of the Interior, had been convened by the Jarrai youth organization, which is linked to the Herri Batasuna [Popular Unity] coalition. Approximately 300 persons gathered on the San Sebastian boulevard. At the head of the march was a banner on which could be read in Basque: "Zen Plan goes against youth."

The demonstrators passed through several central streets of the Guipuzcoa capital without any incidents taking place. They shouted slogans against the police and in favor of the alternative KAS [Patriotic Socialist Coordination]. However, when they ended at the place they had started from, that is, on the boulevard, which is located only a few meters away from the military governor of Guipuzcoa's office, the demonstrators began to shout insults at the public order forces and to throw stones at the National Police forces, who then proceeded to shoot rubber bullets to break up the gathering. Chases took place, and traffic in the area was interrupted for a few minutes. It afterward returned to normal. No injuries were recorded in those incidents, and there were no arrests.

At the end of his stay in Pamplona, the director general of state security, Rafael Vera, declared that "what must be negotiated with the ETA [Basque Fatherland and Liberty Group] is where and how they will turn over their weapons," and he stated that the attitude of the Navarra government authorities is one of "full cooperation" in giving assistance, so as to put the Special Northern Area Plan into operation, as Julian Oroz, our correspondent in Pamplona, informed us. Mr Vera, who met with the leaders of the Regional Deputation, or government of Navarra--with the government delegate in Navarra, Mr Roldan, also present--stated that during the meeting a wide-ranging presentation had been made about the political-social, creative, informational and psychological scope of the phenomenon of terrorism; and there had been an interchange of opinions and ideas. He also stated that a joint commission of the central administration and the regional Navarra administration had been created to

establish a follow-up system for the special area plan, and to study everything that should be included or changed in it.

In his turn, regional deputy Angel Lasuncion, a member of the joint commission from Navarra, praised the plan, and congratulated Mr Vera for drawing it up. Mr Lasuncion said that "we think the plan is effective, and appropriate for the Spain of today. It is not a plan that answers repression with repression."

On the other hand, Mr Vera declared that the Special Northern Area Plan establishes a table of the relative degrees of danger in the four Basque provinces, in which Navarra comes in last. Guipuzcoa is first, followed by Vizcaya and Alava. Of the 15 billions to be invested in the plan, 3 billion will be alloted to Navarra.

Confrontation Between Police and Demonstrators in Pamplona

Incidents involving violence between small groups of demonstrators and forces of the National Police took place in the early hours of the evening yesterday in Pamplona. Groups of youths belonging to the "Jarrai" organization blocked the streets with cars in the old city center, and threw "molotov cocktails" at police vehicles which were patrolling the area. One of the explosives struck a sedan parked in the area and enveloped it in flames, completely destroying it. The National Police made charges with anti-riot equipment, and fired rubber bullets. Many youths were chased by the police.

8131
CSO: 3548/437

KNOOPS ON NATURAL GAS IMPORTS, NUCLEAR ENERGY

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 3 Jun 83 p 2

[Text] The Hague, 2 Jun--For the time being Belgium will not supply cheap electricity generated in nuclear power plants to the Netherlands. Currently, Belgian electricity is exported only at a price that is calculated on the basis of production in generating stations operating on oil. Even after 1987, when the proportion of nuclear energy in Belgian electricity consumption will have risen to 60 percent, the Belgians will not offer the Dutch electricity at cheaper rates, but at prices that are based on production in generating stations powered by coal. There has been no talk about an exchange of electricity from Belgium for Dutch natural gas, stated the Belgian Secretary of State for Energy Etienne Knoops, in a conversation with the Amsterdam newspaper HET FINANCIELLE DAGBLAD. He avoided the question of whether this will be the case in future, pointing out that he will see the Dutch Minister of Economic Affairs van Aardenne in mid-June on the occasion of the upcoming meeting of energy ministers.

On this topic, a spokesman of the Belgian natural gas company Distrigas said to the Dutch newspaper that an exchange was desirable in principle, as long as the quantities, the timing and the economic conditions corresponded to the requirements of the Belgian natural gas market and could be fitted into the supply policy of Distrigas. The spokesman answered the question whether Belgium was still entertaining its wish to receive additional Dutch natural gas in view of declining natural gas consumption with a reference to the fact that the Belgian natural gas market consists of two separate networks, of which one is supplied with natural gas from Slochteren in in the Netherlands.

In order to supply this part of the market in the future, the network either had to be converted to high-calory natural gas or more gas would have to be purchased from the Netherlands after the expiration of the current term of the existing treaty with the Netherlands. What would actually happen and when it would happen, depended on the development of the market, which would decide the termination of natural gas purchases from the Netherlands. As the spokesman added, discussions between Knoops and his Dutch counterpart about possible natural gas deliveries from the Netherlands, instead of from the Soviet Union, had not brought about the desired success. A short time before, both the Netherlands and Belgium decided to give up their natural gas purchases from the Soviet Union. The term of the current natural gas treaty between the Netherlands and Belgium lasts until 1996, according to which Belgium can receive the contractually agreed upon total volume of gas by an earlier date.

Knoops showed evidence of interest in additional natural gas purchases from the Netherlands only if the Netherlands offered a "competitive" price. The import prices of natural gas rose last year by over 50 percent, more steeply than those of petroleum. The electricity companies and major industrial consumers in Belgium reacted to this with a sharp reduction in their gas consumption. In electricity generation, consumption dropped 60 percent in 1982. The proportion of natural gas in total electricity generation in Belgium fell to less than 10 percent, while in 1979 it had been one-fifth. Among the major industrial consumers the decline amounted to 28 percent, compared to 1981. The share of oil in the generation of electricity declined from 34 percent in 1979 to about 25 percent in 1982. About 60 percent of Belgian electricity was produced with solid combustibles and nuclear energy. Four years previously it had been 45 percent and in 1973 it was only 15 percent. Supplying Belgium with primary energy has changed radically in the years since 1973.

As Knoops added, nuclear energy is of great economic importance for Belgium. It is cheaper, guarantees an energy supply, offers the possibility of fuel supplies for 1 to 2 years and it is of great importance for the supply industry. Costs for nuclear power plants consist about 80 percent of capital costs. Knoops revealed that in 1985 and 1986 new nuclear energy units will come into operation in Belgium, so that after 1987 some energy can be exported. Nuclear energy's share in total electricity production will have risen from 32 percent in 1982 to 60 percent. Nuclear energy's share is currently about 40 percent.

According to Knoops, the consumption of hard coal in electricity production rose from 22.6 percent in 1979 to 32.2 percent last year. The coal consumption of the electricity companies increased in the last 4 years from 4.6 to 6.4 million tons. At present about two-thirds of the total coal consumed in Belgium is imported. Efforts are being made to keep domestic coal production at a level of 6.5 million tons, even if this costs many billion Belgian francs in subsidies. Last year the coal mines that suffered losses received subsidies in the amount of 8 billion Belgian francs.

According to figures from the secretary of state, the value of Belgian energy imports rose in 1982, compared to the previous year, by 21.5 percent to 337 billion Belgian francs. The volume of imports decreased. This development has to be attributed to monetary exchange variations, according to Knoops, and to adjustments in the natural gas agreements, in which the price increase was the most obvious. Even the monetary exchange rate adjustments referred mostly to Dutch natural gas. High import costs were also influenced by the expensive natural gas from Algeria, which has been supplying Belgium since 1982. The import price of natural gas, 80 percent of which Belgium has been receiving from the Netherlands, rose by 53 percent in 1982, from 4.74 Belgian francs/m^3 to 7.3 Belgian francs/m^3. In 1973 the import price was still 0.58 Belgian francs/m^3. The price index for natural gas (1973 base = 100) was 1,250 in 1982 and for petroleum it was 1,088. Net imports of natural gas declined in 1982 by 10.5 percent to 8.6 billion m^3, of which 6.8 billion m^3 came from the Netherlands. In 1979 total natural gas imports were 12.6 billion m^3, of which 10.4 billion m^3 came from the Netherlands.

Concerning the natural gas treaty concluded in 1981 with Algeria Knoops said that Belgium wanted to review it, concerning both the volume and the price. The treaty had been concluded at the time because the Dutch government at the time was not

prepared to offer the prospect of new delivery agreements. For the same reason, Belgium had signed a treaty with Norway for the delivery of about 2 billion m^3 of natural gas annually. Knoops did not want to make further statements about the treaty with Algeria. According to various publications it involves a 20-year agreement, the terms of which involve an obligation to take 2.5 billion m^3 LNG [Liquid Natural Gas] annually until 1986, and after 1986 5 billion m^3 LNG. The price is said to be $4.90 per million BTU (1 British Thermal Unit = 0.25209 kilocalories). The Algerian natural gas is to be delivered to an LNG-terminal in Zeebrugge, whose construction is to begin at the end of 1985. Currently the liquid gas is arriving at the French port of Montoire (Brittany), which is a very expensive intermim solution for the Belgians. It is assumed that the terminal in Zeebrugge will not be completed until 1987.

According to the spokesman from Distrigas, Belgium imported 78.5 million gigajoules of natural gas from Norway in 1982 and 13.2 gigajoules from Algeria. He confirmed the 20-year term of the treaty with Algeria and the obligation to take 2.5 billion m^3 by 1986 and the progressive increase after that to 5 billion m^3 annually. As he said, the annual amounts had been reduced by one-half at the renewed negotiations in 1981, and Distrigas was currently trying to adjust present amounts to sales possibilities as best it can. The agreement with Algeria does not provide for price negotiations until 1985, which will then have to take into account the special parameters of the energy market and the position of natural gas in the Belgian energy market. According to the speaker, a possible further reduction in the import of Algerian natural gas will not have the effect that more natural gas will have to be brought in from the Netherlands. Dutch and Algerian natural gas have totally different chemical compositions, so that there is no connection between the imports on the basis of the two agreements.

9581
CSO: 3620/371

COAL CONSUMPTION, DELIVERY FOR 1982-1983; FORECAST FOR 1983-84

Paris COMBUSTIBLES ET CARBURANTS in French Apr 83 p 6

[Article: "Coal: National Coal Trade Committee"]

[Text] The National Coal Trade Committee (NCTC) met on 21 March 1983 under the chairmanship of Mr Le Guillou, president of the CDF Energie [French Coal Mining Company--Energy]. Among those present were delegates from the coal trade, importation, coal compressing, and wholesale and distribution businesses.

On this occasion, a sweeping review of coal marketing for home use was made, and it appears that for the first time in many years coal consumption in the residential and non-industrial sector was slightly higher during the 1982-1983 season than during the previous one.

This relative optimism must be tempered by the fact that the 1981-1982 season had been especially poor; however, it seems that an upturn in the decline of consumption has already started, and one can hope that a relatively irreducible level of consumption has been reached.

A steady level of coal consumption will be all the more certain if at all levels, from producers to distributors, delivered products are high quality and remain reasonably priced, taking into account heating capacity and prices of competing fuels.

For the next 1983-1984 season, the producers' delivery forecasts meet the requirement estimates of the regional trade Committees, which amount to 3.7 million tons, and this applies to all coal types, in spite of some worries that one may have had, particularly for smokeless compressed coals.

It is quite obvious that demand can be satisfied only if coal-compressing plants work at full capacity and this requires that shipments be made properly during the summer.

The new price list which takes seasonal variations into account should make sale distribution easier.

At the end of this meeting, it appeared that for the next 6 or 7 years the HBNPC [North and Pas-de-Calais Coal Field Mines] should face a tonnage decline of approximately 6 to 8 percent on the average, while coal-compressing capacities

should remain unchanged until about 1990: all this is reassuring news for the coal trade, all the more so since the importation and coal-compressing sectors, well aware of their responsibilities, are doing their best to meet the demand.

Table 1. Residential and Non-industrial Sector (FDPI) [expansion unknown] 1983-1984 Season--Producers' Delivery Forecasts

SECTEUR RÉSIDENTIEL ET TERTIAIRE (FDPI) ! CAMPAGNE 1983-1984 !

Prévisions de livraisons des Producteurs

(en KT) (1)	PLANCHETTES GRAS 1/2 GRAS (2)		1/4 GRAS, MAIGRES et ANTHRACITES (3)		TOTAL (4)	COKE (5)	AGGLOMERES (6)		BRIQUETTES DE LIGNITE (7)	TOTAL GENERAL (8)
	(9)				BOUILLE		CRUS (10)	REPRESSES (11)		
		20 et plus	- 20	- 20						
Nord Pas-de-Calais		10,00	261,70	284,50	584,20	19,80	329,50	570,50		1 [illegible],00
Lorraine	6 520,0***				520,00	55,00				575,00
Centre-Midi (12)	18,40	115,80	30,30	176,30***	478,80	30,80	177,00			686,6[illegible]
BASSINS ... (13)	800,21		320,00	462,80	1 583,00	105,60	501,50	560,50		2 760,6[illegible]
AGGLOMERATION HORS MINE IMPORTATION : (14)							110,00	160,30		300,0[illegible]
- Houille, mazu briquettes, agglomérés	60,00	10,00	430,30	140,00	710,00	5,00	50,00	50,00	180,00	1 005,00
dont (pays tiers (15)			110,00	70,00	170,00	0	0	0	0	170,00
Ceca (16)	60,00	10,00	320,30	70,00*	540,00	5,00	50,00	50,00	180,00	835,00
TOTAL TOUS PRODUCTEURS.	870,20 *		750,00	602,80	2 273,00	190,60	661,50	770,50	180,00	3 905,60
Besoins estimés par les C.R.T.C.	779,16		797,28	593,98	2 069,52	83,66	699,63	766,78	139,75	3 703,82

* dont 40 de 6/10

** les disponibilités des HBL seront très supérieures à celles qui figurent ci-dessus et permettront de couvrir tous les besoins supplémentaires qui se manifesteraient.

*** non compris 149,9 KT de fines des Mines libres du Dauphiné.
non compris 9 KT de produits secondaires.

Key:
1. In thousand tons
2. Bituminous and semibituminous coals
3. Subbituminous, lean coals and anthracites
4. Total pit-coal
5. Coke
6. Compressed coals
7. Lignite briquettes
8. Overall total
9. And by-products
10. Untreated
11. Smokeless
12. Center-South
13. Coal fields
14. Coal-compressing outside mine, imports: pit-coal, coke... briquettes, compressed coals from Third World countries... ECSC [European Coal and Steel Community]
15. Total all producers
16. Requirements as estimated by the RCTC's [Regional Coal Trade Committees]

*Of which 40 are 6/10

**Coal availability from the HBL [Lorraine Coal Field Mines] will be much higher than the above figures and will make it possible to meet all extra requirements that might occur.

***Not included: 149,900 tons small coals from the Dauphine Mines, Not included: 9,000 tons by-products.

The above table summarizes delivery forecasts, by coal type and by producer, on the basis of estimated requirements.

Table 2. Consumption Estimates for the 1982-1983 Season

Seasons	Percentage	Shipments in million tons	Stock fluctuations at the yards	Actual consumption in million tons	Consumption in average winter in million tons	Percentage Difference from previous season
1980-1981	105	4.30	-0.20	4.50	4.40	-8.00
1981-1982	98*	3.67	0.00	3.67	3.70	-16.00
1982-1983	90*	3.63	-0.15	3.79	3.97	7.30

*Percentage of estimated accuracy: at the end of January 1982-1983 season: 85.8
1981-1982 season: 97.4

12260
CSO: 3519/506

BRIEFS

NEW COAL PRICES--Since 1 April, Charbonnages de France [French Coal Mining Company] has been implementing a new price list for home-use coals. Prices for the North and Pas-de-Calais Coal Field Mines products have been increased as follows: +6 percent for pea coal, +8 percent for bean and nut coals; +10 percent for stove coal, +11 percent for small charcoal, +12 percent for compressed coals. The price of Center-South Coal Field Mines anthracites has been raised approximately 7 to 9 percent while compressed coal from the same coal field goes up 9 percent. Finally, Lorraine Coal Field Mines increase the price of their products approximately 10 percent on the average. At the same time, seasonal variations are planned: they range from negative values from April to August, to zero in September and postive values from October to the end of the season. [Excerpt] [Paris COMBUSTIBLES AND CARBURANTS in French Apr 83 p 7] 12260

PETROLEUM PRODUCTS TAX CHANGES--Mr Max Gallo, spokesman for the government, announced that the Council of Ministers has passed the regulation that changes the domestic consumption tax on gasoline, premium gasoline, diesel fuel and home heating oil. Mr Gallo explained that an increase of the domestic tax charged on petroleum products when they leave the refineries will be in effect during every month in which international prices of these products fall below the February 1983 level. This tax increase will be adjusted according to the fluctuations of international prices, and if these prices again exceed the February 1983 level, no tax would be applied, the government spokesman pointed out. This tax schedule is independent from the annual increase of the domestic tax enacted by the 1983 financial law, which was put into effect on 11 May at 12:00 am. The new tax schedule will be applied for the first time on 21 May 1983 and on that date it will not cause any price increase. [Text] [Paris LES ECHOS in French 13 May 83 p 5] 12260

CSO: 3519/506

SHIPPING, SHIPBUILDING, NORTH SEA GAS ARE ECONOMY LEADERS

Stockholm SVENSKA DAGBLADET in Swedish 27 May 83 p 26

[Article by Karin Henriksson: "Danish Shipping; Good Result After All"]

[Text] Copenhagen--The economic recovery which failed to materialize in 1982 caused problems for the world's shipping--and giant A. P. Moller was not unaffected.

But in view of the circumstances the result was good, concludes the leader of Denmark's largest conglomerate of companies in the annual report to the parent companies Dampskibsselskabet Inc. 1912 and Dampskibsselskabet Svendborg Corporation. "The domestic situation is not quite as gloomy as a year ago," Maersk MacKinney Moller further writes. "Calm and quiet have been restored around the krona and respect for the country is growing in the rest of the world," but, Maersk McKinney Moller stresses, the future prospects are uncertain.

A. P. Moller has over 20,000 employees and more than 100 ships of over 6 million deadweight tons. Ninety-five percent of the activity is abroad. The most important companies are Maersk Line (which operates liner traffic to all continents except South America and Australia), Maersk Drilling, Odense Stralskibsvaerft, Maersk Air, Maersk Data, Roulunds Factories, DISA.

"Of the total 1982 profit of 1 billion, 150 million kronor derive from the oil," says vice information chief Henrik Uhre-Prahl inside the Maersk concrete and glass colossus in Copenhagen harbor.

"Next year production from the Tyra gas field will begin, of which A. P. Moller owns 30 percent and in which it has invested 10 billion," Henrik Uhre-Prahl says and states that according to company policy the location and extent of the continued oil and gas prospecting are secret.

This is in part connected with the agreement with the Danish state in 1980, in which A. P. Moller surrendered its right to the entire Danish North Sea shelf. A. P. Moller has a concession for one percent of the whole area, but it cannot determine which percent until after it has struck oil.

A. P. Moller builds 8-10 ships a year, Henrik Uhre-Prahl further says.

"Our philosophy is to build new ships when times are bad and sell them when times are better. In general it can be said that the fact that we have such a modern and therefore efficient fleet is the explanation for our success," says Henrik Uhre-Prahl, who goes on to say that the group's two "problem companies" Maersk Air and DISA recently achieved better results.

11949
CSO: 3650/200

BUSINESS BAROMETERS IMPROVING FOR FIRST TIME IN THREE YEARS

Stockholm SVENSKA DAGBLADET in Swedish 27 May 83 p 26

[Article by Karin Henriksson: "Denmark; All Curves Point Upward in the Business Barometer"]

[Text] Copenhagen--The sleepy stockmarket has awakened--during the first 4 months of the year as many stocks were traded on the Copenhagen Stock Exchange as during all of last year. Simultaneously, all curves are pointing upward in the latest business barometer.

For the first time since 1979 industrial investments are expected to increase in Denmark. Investors dare trust that their money will again multiply in the companies and not only in the bonds issued by the Kingdom of Denmark to meet its foreign debt payments.

This--perhaps the clearest sign of health in an optimistic Denmark--naturally has to do with the falling interest rates during the last few months. One seems momentarily to forget that it will be some time before it becomes clear just how high the actual interest rates will be this year.

The business barometer compiled by Denmark Statistics for the second quarter also shows that the companies are planning to produce more, that they hope for an increasing volume of incoming orders and that they are planning to employ more people.

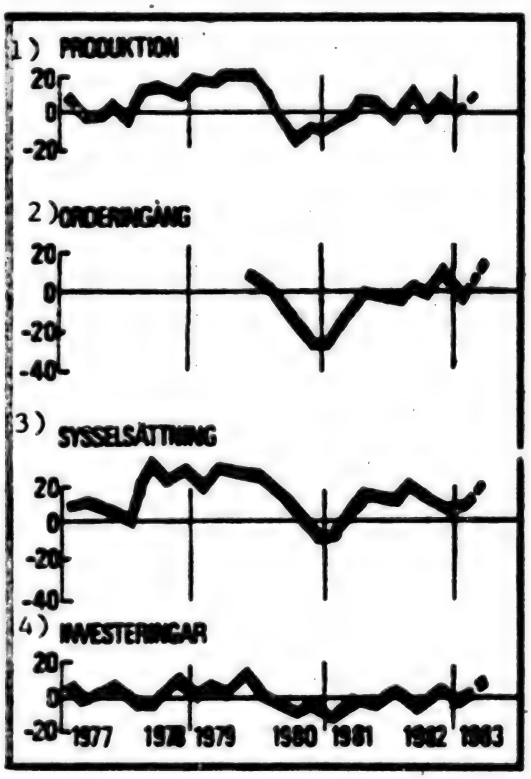
Halved

The crisis of the last 3 years has brought about a drop in industrial employment by 25,000 persons (from 380,000 to 355,000). The worst hit branch of industry is the construction and building materials industry, which was practically cut in half. A certain increase in housing construction was noted in March of this year. To be sure, "one swallow does not make a summer...," says an observer, who nevertheless has difficulty hiding his great satisfaction.

There are 5,500 companies in Denmark with more than six employees. Half of the 2,000 member companies of the Industry Council have fewer than 50 employees.

"From an international perspective all of our companies are small or medium-sized," says Werner Puggard, an economic expert with the Industry Council.

This is precisely what is often stressed as a Danish competitive edge. The companies are flexible and easily adaptable due to their small size. The fact that, with only a few exceptions, there are no heavy basic industries as in Sweden or Norway is also not a disadvantage.



Key: 1. Production 2. Incoming orders 3. Employment 4. Investments

The economic situation in industry indicated in net figures in the Danish business barometer. By net figures is meant the difference between those who replied "higher" and those who replied "lower" in evaluating the economic activity. The net figures have been seasonally adjusted. The curves for the second quarter of 1983 are prognoses.

Despite the much-discussed Danish disease and the bankruptcies which followed it--chiefly due to the circa 20-percent interest rate level--Danish companies have done well in the export markets. World trade has fallen off, as is well known, but the Danes have retained their positions.

"Because the Danish Krona is tied to the European monetary system, EMS, our competitive power improved when the dollar exchange rate went up. During the years following the second oil crisis, 1979-80, we have had a positive trade balance, in contrast to most others," Verner Puggard says.

Weakening in 1982

However, during 1982 a weakening took place (exports then grew 1.5-2 percent to 80 billion Danish Kronor), and that is blamed on the fact that Denmark's largest trading partner, the FRG, had a weak year, as well as on the next largest market, Sweden, which had a devaluation in October.

"This year we anticipate that the Danish share of the world market will remain unchanged in relation to 1982," Verner Puggard says and also states that industrial exports for the first quarter this year grew by 2.5 percent, which was higher than the average increase last year.

"The recovery is noticeable mostly for investment goods and for chemical products. Further, we have noticed increased demand for consumer goods such as furniture.

The Industry Council anticipates that the export successes will grow at an accelerating rate for the next few years. But one is aware that the growth rate of the 1960's and early 1970's will never return. These words of warning are usually also expressed by the head of the National Bank, Erik Hoffmeyer. Some of the growth from those years could be traced to an expansion and improvement in standard of existing housing and growth in the public sector.

The question is whether Danish exports can outweigh the large deficit imposed by the interest payments for the Danish foreign debt. A financial columnist in BERLINGSKE TIDENDE, Erik Ib Schmidt, has calculated that exports must grow by 16-17 billion Kronor annually (with the present oil prices) and then by the same amount more in order the cover the increase in imports caused by the increase in exports....

Favorable Effects

The expansion of the oil and gas fields in the North Sea is now temporarily over. With that, a growth impulse for the economy will disappear, in the opinion of Verner Puggard, but at the same time the oil and gas have other favorable effects. In 1986 half of the energy demand will be met from domestic Danish sources.

In addition to bringing the interest rates down, the little more than 8-month-old Conservative government seems to have succeeded in reducing the inflation rate to 5-6 percent.

But other industrial nations are also doing this. A principal question is therefore whether the large wage increases of the crisis years are over. In this year's collective bargaining (the agreement was signed on 11 March) the

partners had to agree not to exceed 4 percent. The Industry Council, as for example experts in the Ministry of Economics, anticipate a sliding wage scale of another few percent this year.

"The government had staked out the framework for the 2-year settlement that was concluded and this, as well as the fact that the cost-of-living supplements were eliminated by means of legislation, differs from the usual collective bargaining model in the country," says Henrik Bjerre-Nielsen, an economist with Danish LO [Federation of Trade Unions]. For the next wage negotiations Henrik Bjerre-Nielsen predicts that the demands for sharing in company profits and shorter working hours will come up again.

Leisure Time--Standard of Living

"Leisure time is part of the standard of living. The unemployed have 40 hours of extra 'leisure time' each week; it is reasonable that everyone should share in it", Henrik Bjerre-Nielse says.

Open unemployment in Denmark is higher than for example in Sweden, admits one ministry source, who believes that this is partly because productivity has been better developed in Denmark.

"The October devaluation does not seem to have had the major effect we feared, and that surprises us. But it could be too early to say anything definitive," he further states and continues:

"If wage increases are high both in Sweden and Denmark, this seems to work to the advantage of the Danes."

At the Copenhagen Stock Exchange, nowadays housed in an ultramodern building instead of in the old one with the spiralling tower down by Christiansborg, stocks in the amount of 6 million a day are now traded, as against 2 million on the average last year. A certain wait-and-see feeling has been perceived recently--after prices rose uninterruptedly for several months.

What is the reason for the recent optimism in the companies?

"What was previously sought was greater stability in economic policy, and that is what we got. Among other things, the four-clover government is promising not to devalue. By means of wage-restraining measures and economies to reduce the balance of payments deficit the companies are hoping for a continued improvement in the competitive situation," Verner Puggard says.

11949
CSO: 3650/200

BRIEFS

STATE INDUSTRIAL SUBSIDIES LISTED--The Danish government paid out 13.4 billion Danish Kronor in state subsidies during 1982, according to figures received by BERLINGSKE TIDENDE from the Ministry of Finance. The money was distributed as follows: Ship financing: 6.4 billion. Export credits: 2.3 billion. So-called k-loans: 1.5 billion kronor. Negative income tax to agriculture: 0.9 billion kronor. Agricultural support (for modernization, project support, debt consolidation, interest subsidies, support for young farmers etc.): 1.0 billion. Fishing subsidies (structural changes etc.): 0.1 billion kronor. Industrial support (export promotion, product development, development funds, manufacturing loans etc.): 1.0 billion kronor. To this may be added subsidies to the housing sector totalling 16.8 billion and certain contributions via the Energy and Environmental Ministry budget in the amount of 100 million kronor. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 27 May 83 p 26] 11949

LARGE FOREIGN LOAN TAKEN--Denmark, which so far this year has borrowed 1.6 billion dollars on the international market, is concluding the negotiations for the loan of another 560 million dollars. Of this sum, 200 million dollars will be raised on the U. S. market. Officially, Denmark has already satisfied its credit requirements for this year, but with the easing of the credit market that has taken place one is now trying to find more favorable loan opportunities. [Text] [Stockholm DAGENS NYHETER in Swedish 26 May 83 p 12] 11949

CSO: 3650/200

PROBLEMS, FUTURE OF AUTOMOBILE INDUSTRY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 11 Jun 83 p 15

[Article by Gerold Lingnau: "Between Catalysts and Robots--the Auto Industry during the 1980's"]

> [Text] What is the difference between Carl Benz' first car almost 100 years ago and the 24 million passenger cars which today populate the FRG? Exactly 23,999,999 cars. That is not a stupid reply to a smart question. Simple statistics make everything clear: The curse and the blessing of the car, the wheel tracks of a long, progressive development, technical progress in design and production, and the difficult balance of quantity and quality.

When the invention of Carl Benz in 1886 wheezed stinking and puffing through Mannheim, its exhaust gases were as yet unable to cause any damage in the streets of this Baden city. Today, softly and each car for itself much more environmentally safe, thousands of vehicles are on the move from early in the morning until late at night in that city and they increase every problem a hundred times over merely by their numbers. No other object, which everybody needs, causes as much uneasiness as the car of the 1980's. Accidents, acid rain, noise pollution, lead, asbestos, surplus production capacities and the rule of robots--the arguments and emotions come flying from all sides like arrows. And anybody who thinks in strictly objective terms must also ask serious questions. How much more does the auto really contribute to the damage of our environment? How can one make it cleaner and safer without making it unaffordable? Will Germany in the future at all be able to have an auto industry which can stand up against competition on its own? Will it not leave the land with the fully-automated "ghost factories" and leave tens of thousands of unemployed behind? What is all this high-tech, what is all this intelligent design still worth in the future?

Right now the accent is on consternation about the death of the forests and the search for its causes. Did we go too far with our mobilization? Have we finally arrived at the straw that broke the camel's back? Or is the auto being suspected unfairly here? The fact is that exhaust gases do have harmful effects--at least theoretically also upon our forests. And it is true that we must not lose any more time with long investigations. Engineers, scientists, and economists naturally are equally dissatisfied with the drive for

costly measures without an accurate knowledge of the quantitative and qualitative interrelationships. But do we have another choice? The time spent on hit-or-miss cost-benefit studies can inflict final lasting damage on nature. Right now it is uncertain whether the air purification race--above all also on stationary plants--can still be won with the progressing damage being done to nature. And even if the research results of the day after tomorrow (a theoretical example) should prove that volcanic emissions of sulfur dioxide caused all this acid rain, nobody nevertheless could clear us of the charge that we did not act today in the light of our present knowledge.

What does that mean in practical terms? The issue here is the adoption of the strict American and Japanese exhaust provisions in Europe. They presuppose the use of catalysts [catalytic converters] and unleaded gasoline. We know from the lessons learned by the countries that went that route that this way is expensive. The car buyer, it so happens, not only has to pay additional money for the catalytic converter with four times the D-Mark amount. Additional fuel consumption is also unavoidable, as is increased crude oil use in the refinery. On top of that we have the fact that the mineral oil industry must first of all build up production facilities for unleaded gasoline and the sale of this additional type of fuel at the expense of high investments and considerable costs.

The German auto industry--and who should be surprised at that?--first of all resists the idea of adopting the American regulations, sight unseen. It can of course meet those requirements in technical terms because after all it is shipping cars overseas--although not every maker and, if at all, not every model. But, in the opinion of engineers, before we take the expensive step toward unleaded gasoline, there are other possibilities which can take effect immediately and which do not cost anywhere near as much. An example here is the reduction in nitrous oxides which are suspected of being involved in damaging our forests: Because they come out of the exhaust pipes in particularly large volumes, when the other two major noxious substances called carbon monoxide and (unburned) hydrocarbons account for the smallest share, it would be possible, already by means of a coordinated change in the required boundary values, to do something about reducing the nitrous oxides, specifically, by "giving some slack on the line" for the other two.

Go It Alone on Exhaust Gas Decontamination?

Promoting the sale diesel cars would be one way of providing, on the whole, reduced harmful substance emissions. Their exhaust gas is much cleaner than that of internal reciprocal combustion engines, although it may look like the exact opposite at times. The solid substance expulsion, in other words, the optically so spectacular soot coming from diesel cars, could be brought under control by means of filters which in the meantime have almost reached the series production stage. But, regardless of what we do for the diesel engine: In short-range terms, its share in the passenger car inventory cannot be increased drastically. The internal reciprocal combustion engine predominates with its more difficult requirements regarding exhaust gas decontamination and immediate measures must thus be taken primarily here. All efforts (particularly successful in recent years) aimed at making cars more economical in terms of

gasoline consumption by the way also helped when it comes to environmental protection. Something which is not burned up in the first place cannot leave any harmful substances behind either.

Switzerland has just resorted to another possibility: Legislation in that country tried, through requirements for waste gas purity, to get just about to the point beyond which catalytic converters are unavoidable. Whether the resultant harmful substance mixture is really optimal is something we cannot tell as yet. Disadvantages in the form of increased gasoline consumption and poorer engine performance however are the price which must be paid now by anybody who buys a new car.

Switzerland issued its regulations on a go-it-alone basis without European coordination. Only Sweden has been thinking in similar radical terms until now. The absurdity that, in Switzerland, less decontaminated transit traffic from foreign countries decisively influences air pollution and that the effect of the go-it-aloners in Bern is bound to remain minor, casts a critical light at the political aspect of this entire affair. Unleaded gasoline requires European unity. The least common denominator would be that this fuel must be available everywhere--in southern Portugal just as in northern Norway and of course also in Yugoslavia and in the East Bloc countries which are reached by tourists in cars. Otherwise, mobility on our continent would be inhibited more effectively than with toll houses and foreign currency controls. Because anybody whose car is trimmed down to exhaust gas purity with the help of catalytic converters does need unleaded gas, no matter where he goes--unless (like many Americans) he decides to forget about his share of clean air and fills up with leaded gasoline, getting a "contaminated" catalytic converter and worse exhaust gases than without it.

In America They Are Once Again Thinking "Big"

It would of course also be conceivable that all of Europe, in a fit of supranational enthusiasm for environmental protection, might decide to introduce the American exhaust gas regulations and thus switch to unleaded gasoline. In the northern and middle parts of the continent, the governments would probably be ready for that. But does that also apply to France? Or perhaps even to Italy, Portugal, and Greece? At that point, hopes quickly turn into Utopia.

Many European auto makers might also argue that they presently still have other major worries, other than exhaust gas decontamination. The worldwide recession has left its traces. In 1982, for example, the two major French concerns, Renault and PSA, suffered heavy losses. Volkswagenwerk also is not paying any dividends although the parent company is still in the black. Other companies are only now recovering painfully from the shortages of past years. The Japanese likewise had to accept a painful dip in their long-term rising trend. There were drops in exports and the domestic market, which at first was able to balance things out, is getting closer and closer to saturation. In the United States, the biggest sales field in the world, things have been rather slow for several years, and auto sales are beginning

to pick up only in recent weeks. At the same time, gigantic investment mistakes are emerging there. The watchwords of the energy crisis time, "Think Smaller" and "Downsizing" became scrap faster than the cars which were developed and built under their influence. Today the Americans are again thinking big and they are leaving it to the already no longer very flexible Detroit giants to pull the corresponding supply out of a hat--although they had made everything one size smaller just recently at a cost of billions.

In view of such risks, a car maker must do everything to be adaptable in terms of production and to appear on the market with a comprehensive assortment of models. As far as the auto industry is concerned, this means investing, primarily and regardless of the particular economic situation--investing in a complete series of models--just like in any other production effort. Only a complete supply program can save a mass producer from failing completely as a result of customer behavior which is becoming more and more incalculable. If he cannot offer such a range of products on his own, he must work together with others by taking over car models with complete design documents or by at least purchasing subsystems. In final production, the companies always try for an ever lower profit threshold--even poor capacity utilization must not cause fatal losses--and ever greater flexibility.

Here, industry found a helper in the robot, in the freely programmable handling automats, which at the same time can also solve other problems. For example, they not only can work on one or the other model by simply changing the software; they also do that job with the kind of precision which a human being can never achieve with his manual labor. That not only cuts down on waste and discussions. In the age of consumerism and growing possibilities for the consumer to push quality demands also in legal terms, it is rather soothing to know that a robot places every welding point like any other point and that the spray gun will swing away not a single tenth of a second sooner than permitted.

Future auto production--with the exception of (still) final assembly--is extensively automatic, in Japan just like in Europe and in America. And this future began a long time ago. Anybody who today invests in a new plant has a head start which mercilessly downgrades everything that came before to the status of scrap iron. The capital risk of course is also gigantic above all when the highly-modern installations are to serve for a single model built in large numbers. Naturally, the handling automats are not only supposed to improve the quality but they are also supposed to help cut personnel costs. They facilitate a productivity surge which at the same time makes room for new investments. As far as the employment situation in the parent country is concerned, this, at least in the short run, can have undesired consequences, as can the effort on the part of many auto makers to switch labor-intensive and thus personnel-cost-intensive final assembly operations to those parts of the world where wage levels are low. As an argument for this kind of shift, wage cost differences alone of course are not enough especially since they can be made up over a period of time--depending upon the development level of the country to which final assembly has been switched.

Very often, this also involves opening up new markets, such as the example of Spain, or the interception of otherwise threatening protectionist measures; this purpose can even sanctify the establishment of branches in high-wage countries, such as the United States. Manufacturers from Germany and Japan, who owe their reputation last but not least to above-average product quality, must of course weigh such foreign commitments particularly carefully. Under certain circumstances, their advantages do not make up for the unavoidable image lost when sloppy production leads to doubts as to the fame of the name. On the other hand, one must not underestimate the ambition of new producer countries either. In South Korea, for example, the national technical contribution to auto making and the experience of the workers may be less than in Europe or Japan but there is certainly no lack of motivation.

Will the German auto makers be able to continue to compete? Yes, under two conditions: They must, in production technology, at least keep up with the high technology and, in model development, they must be better than the big competitors, above all the Japanese. The first prerequisite at this time is more easily met than in past years. The gap with the Far East producers, who had the advantage of younger and more modern plants, has shrunk. To preserve the current status, tremendous investments will continue to be necessary and they, in turn--and this is where we come full cycle--presuppose continuing competitive capability with corresponding earnings. Only success will provide further success in the future.

A head start in engineering terms--to advertise this Audi advertising slogan for all German producers--is not less important. It looks as if technical arguments at this time would again gain significance on the auto market. But even if that should turn out to be a short-lived phenomenon, one must not miss any opportunities which can be found in superior technology--even where the customer does not notice it directly. An economical engine or a streamlined body are, in the final results, always attractive, even if you cannot tell that the car has both of those things. Here, German producers and their suppliers are still in a favorable position. The fuel injection system, for example--and thus also a good portion of exhaust gas engineering which closes the circle--is dominated worldwide in a sovereign manner by Bosch. Aerodynamics, electronics engine management, tire development, brake and four-wheel engineering--this is where the Germans need not play second fiddle to anybody, on the contrary.

Opportunities for Cars from German Plants

Creativity and inventiveness of course do not come by themselves. A climate of resignation, lack of development possibilities, and absence of recognition in sclerosed company management hierarchies are bound to stifle any initiative. Relying on competitors being worse or getting to be worse can produce unpleasant surprises. Of course Europe presently still determines the taste in cars worldwide, in design and in spreading the idea of "joy in driving." But it does not dominate the world's auto market, that is to say, it can no longer express its leadership role in terms of ideas in the form of dollars and cents. That is a situation in which everybody has to stick together and must make every effort.

The most recent products by German producers--Opel Corsa, Ford Sierra, Mercedes 190, 3er-BMW, Audi 100, just to mention a few examples--show that there is still enough drive in this industry. If the car buyer gets to feel what benefits he can derive from this progress, he will go along. This is where the opportunity lies for expensive cars, for cars from German factories, in other words. But let everyone beware of mediocrity: That is something which in the future we will find all over the place. Anybody who is satisfied with average performance will soon be dead.

6058
CSO: 3620/377

TOWN TO DEVOTE ENTIRE INDUSTRIAL PARK TO USSR EXPORTS

Helsinki HUFVUDSTADSBLADET in Swedish 26 May 83 p 14

[Text] (FNB)--An industrial park concentrating on trade with the USSR is being planned in Kontiomaki in the municipality of Paldamo in Kajanaland. On Tuesday, Paldamo's municipal administration appointed a committee to make preparations for establishing the park. According to preliminary plans, the park will be started in 1985, and operations will begin at the turn of the decade.

Ten industrial buildings will be built in the park, and space will be offered to new manufacturers, growing firms that trade with the East, and any possible mixed enterprises that might be formed.

Products will include metal structures for railway transportation, tanks and drums, farm equipment, machinery and equipment for the food industry, heavy wheeled equipment, measuring and weighing instruments. mechanical wood processing, heat and energy packages, woodworking machinery, and forest machinery.

The plans have been discussed with Finnish and Soviet enterprises and authorities. Pentti Hiivala, commissioner for trade practices in the municipality of Paldamo, said on Wednesday that the idea has been well received.

Hiivala reported that the Soviets had suggested the possibility of participating in the development of East Karelia.

The industrial park will not be built overnight. The overall plans will be ready 2 years from now, when the park is started. The construction phase will then last 5 years, and operations may begin in 1990. A blanket agreement will be established covering the flow of trade through the industrial park.

The planning will be based on a catalog of the goods to be produced in the park. Finland and the Soviet Union are cooperating in preparing that catalog. Also being prepared is a list of products that can be assembled in Kontiomaki from Soviet components and sold on markets in Finland and other countries.

The organization that handles trade with the East will, among other things, promote a planned increase in imports, compensation deals with Soviet enterprises, and trade with the East by small Finnish firms.

11798
CSO: 3650/209

BRIEFS

RAILROAD CAR FACTORY FOR USSR--(FNB)--Managing director Eero Piipari has described last year's results for Haka as being good for both the parent firm and its subsidiaries. Turnover totaled 1,488 million marks, and billings totaled 1,800 million marks. According to Piipari, the most important event last year was the start of direct building exports to the Soviet Union by Haka. September saw the signing of an agreement to build production and repair facilities for railroad cars in Toshno near Leningrad. The contract is worth approximately 300 million marks. Haka will also continue aiming at the Soviet market in the future, but according to Piipari, the competition there is so stiff that the firm must also consider other export possibilities. Its sights are set primarily on the rest of East Europe. [Excerpt] [Helsinki HUFVUDSTADSBLADET in Swedish 26 May 83 p 15] 11798

CSO: 3650/209

BRIEFS

ISRAELI ELECTRONICS DELEGATION--A high-level Israeli delegation representing the electronics industry visited our country following an invitation issued by the EVEA [expansion unknown] in order to discuss with the competent Greek officials of both the public and the private sector the possibility of establishing in our country an electronics industry. The Israeli delegation met with Deputy Minister of National Economy K. Vaitsos, President of the OTE [Greek Telecommunications Organization] Makropoulos and with Greek manufacturers of electronics goods who demonstrated an interest to visit Israel for the creation of mixed Greek-Israeli electronics enterprises. [Text] [Athens I VRADYNI in Freek 15 Jun 83 p 13]

CSO: 3521/357

COMMENTARIES ASSESS PSOE PROMISE TO CREATE JOBS

'Impossible Objective'

Madrid YA in Spanish 2 Jun 83 p 5

[Editorial: "The 800,000 Jobs Promised:" On the "Titanic"]

[Text] A government minister, Industry and Energy chief Mr Solchaga, who has a well-deserved reputation as a serious man, has finally confessed the truth. The magic number of 800,000 jobs, which was one of the most appealing planks in the PSOE's [Spanish Socialist Workers Party] platform during the recent election campaign, is a "very difficult, almost impossible" objective.

In addition, Minister Boyer has given a sort of vague assessment of the speech that Prime Minister Gonzalez delivered at the meeting organized by THE INTERNATIONAL HERALD TRIBUNE in Madrid this past 30 May. To Boyer, Prime Minister Gonzalez's statement that by the close of the legislature inflation would be down to 4 percent and the famous 800,000 jobs would have been created is "optimistic" and has not yet been discussed within the cabinet.

Finally, Deputy Prime Minister Guerra has made some lengthy and categorical statements about all this in the May 1983 issue of the magazine INFORMACION, which is published by the Chamber of Commerce, Industry and Navigation of Bilbao, voicing remarks such as "the situation (of the peseta) is worrisome." On page 28, after mentioning that he has "three or four clear-cut ideas on these issues" of an international economic recovery, the deputy prime minister points out that the first of these is quite well known: "I think," he says, "that the economy has gotten out of the control of the experts, be they economists, technicians, politicians, etc," adding that here, in Spain, "a very good technique has now been invented, as all countries and all experts are saying that there is no solution to be seen in the short run but that there is a way out of this in the medium and long term. We hear, for example, that no, not in 1982, but 1983 will be all right. Then 1983 comes, and they say, not this year, but 1984 will be all right...And this is what we keep hearing. What's going on? We are listening to a Beethoven concert in a beautifully decorated room on the sinking 'Titanic' and we refuse to listen to the man on the deck saying that it's sinking because Beethoven's Fifth sounds so good that, well, as long as this keeps going, I'll stay here at the concert."

Amid this entire chorus of negative voices, it is pathetic to read Almunia's remarks as he tries to place the blame for the failure to create 800,000 jobs on society, not on those who, divorced from any sensible judgment based on a study of the economy, said this was possible. The experts, however, asserted, as this paper has repeatedly reported since October, that the figure made no sense, that it was typical of a demagogic statement, nothing more. Almunia is now saying that "if everyone does not make an effort, we might not manage to create those jobs." Well, that's not the case, Mr Minister. If we all make an effort, if the government helps instead of hindering, and if this business of the economy is taken seriously, everyone is still going to get wet when the boat sinks, and the only good thing will be that fewer instead of many jobs will be lost. Or to continue with Mr Guerra's analogy, if sacrifices are made, there will not be so many drowning victims (the unemployed) on the "Titanic." But let's not hear about blaming society if this absurd figure is not reached.

Mr Redondo stated on Radio Nacional de Espana on the morning of June first that the administration ought to come to one mind. Naturally, and so should its parliamentary group and the UGT [General Union of Workers] within the socialist conglomerate. Today, one of its leaders has begun to prove us right on the issue of the 800,000 jobs. It is going to be difficult for all of them to admit this and to convince the voters that this door too is closed and that they already knew it was in the fall of 1982.

But attempts are going to be made to banish these differences of opinion among Socialists. At a time when the peseta has easily fallen through the dangerous floor of 140 to the dollar, when the slowdown in price increases has stopped and when unemployment is surging ahead, it would frighten us if in a bid to coordinate the administration, the PSOE, the UGT and the voters, we again heard remarks such as the ones that Carlos Solchaga himself made exactly a year ago, in May 1982, in INFORMACION as well, of course: "It is necessary to considerably boost public and private investment; we are not confident that the private sector can do this initially, so we believe that according to Keynesian theory, we have to begin priming the pump from the public sector." If Mr Solchaga still holds this view, such a program, which he noted at the time was the PSOE's, will cause a catastrophic breakdown of our economy. In other words, it would fire a torpedo into an already half-submerged "Titanic." It stands to reason that we are extremely concerned that Mr Guerra has pushed just such a program by stating emphatically at the UGT Congress that the 800,000 jobs would be created.

Comparison With UCD Government

Madrid YA in Spanish 27 Jun 83 p 7

[Editorial by Salustiano del Campo: "A Change of Promise"]

[Text] The only thing that we did not actually know was when and how the PSOE was going to retract its promise to create 800,000 jobs during the present legislative session. Minister Solchaga was finally the one who kicked off what will doubtlessly be an obscure and lengthy process of suggestions, denials and assertions in a bid to make people believe

that the PSOE never promised that much or as categorically as the opposition says. It is quite a while until the next general elections, and the administration hopes that by then people will have forgotten its broken promise. This strategy also calls for cutting down the adversary and general political confusion, and this is what Deputy Prime Minister Alfonso Guerra is for.

The data indicate that there were two main reasons for the electoral majority on 28 October: the conviction that a Socialist government was an indispensable requirement for the consolidation of our democracy, and the hope that it would, in fact, be able to generate the jobs it talked about. It is in no way justified to conclude that the transformation of the political map was due to the electorate's ideological conversion, much less that the people are willing to renew their trust in those who have knowingly deceived them. There is, of course, an important moral value in repentance, but we must not forget that repentance follows an admission of guilt, which in this case involves a lie. The higher virtue is always to tell the truth, and in the long run this is what prevails.

The ruling party's performance is beginning to look similar to the UCD'S [Democratic Center Union]. Decisions are delayed and do not square with what has been promised. This has been the case with the FACA affair and also with the announced intention of seeking to bring together economic and social forces through government mediation. The ministers are beginning to look powerless and backtrack on bills that were not sufficiently well thought out, such as Moscoso's conflict of interest bill or the suspension of the sanctions approved by Barrionuevo's ministerial order for instances of failure to comply with the obligation to declare housing or real estate rentals or leases. In spite of his incomparably superior parliamentary talents, Prime Miniuster Felipe Gonzalez has been doing the same things as Adolfo Suarez: he holes himself up in the Moncloa, remains silent in Congress and devotes himself to foreign policy. Foreign policy, which is apparently easier than domestic policy, always leads in the end to domestic problems and frustration.

The Socialists have undeniably made an effort to convey a calming image of restraint, and government economic policy aims are part of this effort: narrowing the inflation gap between Spain and the OECD countries, wage policies that enable business surpluses to hold steady or recover, industrial reconversion, a more flexible, decontrolled labor market, Social Security reform, straightening out and enhancing government spending, etc. At times, however, their enthusiasm and inexperience have caused them to mistake their desires for reality, as when Felipe Gonzalez sees a four percent inflation rate before long. More commonly, however, he and his administration seem ineffectual or simply swamped by the consequences of some flippant move, such as the more than 100 billion that the Bank of Spain has already had to pay out to the Rumasa people. In any case, we can see an erosion of credibility that no layer of moralizing can readily hide. Spain does not deserve to have the Socialists' promise of change replaced so lightly and with such impunity by a change of promise.

8743
CSO: 3548/432

LABOR MINISTER ON CONTRACTS, STATE INTERVENTION; REACTION

Madrid ABC in Spanish 8 Jun 83 p 61

> [Text] Labor Minister in favor of limiting government intervention. Almunia believes that it is necessary to return Rumasa to private control. Geneva. Spanish Labor and Social Security Minister Joaquin Almunia yesterday announced that his administration will shortly approve new agreements of the ILO. "Spain is the country in the world which is most inspired by international labor legislation since it is the state that has ratified more ILO agreements," Almunia said in his speech. The Spanish Parliament has already received for ratification Agreement 144 on tripartite consultation regarding international labor standards and Agreement 151 on the protection of the rights to join unions and procedures to determine employment conditions in the public administration.

The administration will soon forward Agreement 102 on minimum social security standards. The minister also noted that ratification of another six ILO agreements is in a very advanced stage. Joaquin Almunia announced at the conference that, after consultation and negotiations with the interested parties, the Spanish socialist administration will try soon to work out a satisfactory formula for the return of labor union assets.

During his speech he made reference to some of the topics of that international conference, such as child labor, "apartheid," and the readmission of the PRC to the ILO to whose delegation he extended a very warm welcome. Addressing himself to the international economic crisis, he emphasized that he suggested to the ILO and to the governments of the member countries "the historical challenge of preventing the crisis from leading to a decline in the protection of those least well off."

"In a Western country, such as Spain, a country with liberties founded on a modern constitution, it is impossible to imagine an economy which is not based on the operation of the market," the minister declared during an interview published yesterday by the Swiss daily LE JOURNAL DE GENEVE. The market must be allowed to establish its own directions and at the same time certain social or economic consequences deriving from that freedom must be allowed to develop. There are those who think differently in countries that did not suffer a

dictatorship but, in Spain, liberalizing and restricting government intervention in society is a clearly progressive development."

Invitation to Employers

On the other hand, Joaquin Almunia admitted that, in Spain, "some issues that were not defined in the past prevent the owner and operator from having confidence in the future." Nevertheless, he urged enterprise leaders to cooperate with the socialist administration, as the labor unions cooperated, in recent years, with right-wing administrations, in order to fight against the crisis.

As an argument, the minister reaffirmed his intention to strengthen the role of the social partners, to stimulate tripartite management of social security and of unemployment benefits (this, Mr Almunia said, will be something new in Spain) and soon also to debate with the employer association and the trade unions on the strategy for the medium-term economic plan announced by Prime Minister Felipe Gonzalez.

To the question as to what would happen in Spain if, at the end of the legislative session, in 1986, there were 4 million unemployed, Joaquin Almunia replied: "If one day we should have 4 million unemployed, it will not be the socialist administration that will be in danger but rather democracy as such."

Questioned as to the way in which the Rumasa topic was resolved, the minister said this: "Those who know the Spanish administration and bureaucracy must understand that the state is a poor manager of companies. The best way to preserve 70,000 jobs at Rumasa and to protect the interests of those who save, is to return the majority of the banks and the enterprises in that group to the private sector."

In the name of the delegation of Spanish employers, which is attending the conference, Javier Ferrer Dufol (CEOE [Confederation of Spanish Businessmen's Organizations]) told EFE [Efe Agency (Press Association)] that the speech by Minister Almunia turned out "to offer little in the way of commitment as far as the administration is concerned" and he stressed his reference to the return of labor union assets. In his opinion, he should have spelled out specific plans for immediate implementation.

Speaking for the delegation of Spanish workers, Julia Requejo (UGT [General Union of Workers]) stated that she was satisfied with the speech and, as fundamental aspects, stressed his remarks on child labor, "apartheid," and Spanish emigration. After underscoring the importance of cooperation among all Spanish social forces through the future Economic and Social Council, she said that Almunia had clearly stated the socialist administration's pledge to pursue an authentic social policy.

Leonidas Montero (CC OO [Workers Commissions]) declared that the minister had in his speech taken up the problems of the Spanish workers in a general fashion without however presenting any solutions: "The statement was good, on principle, but it has to expressed specifically through facts." For Donato Caballero (ELA-STV) the speech was "good in general terms" and he came out in agreement with his statements regarding international social policy.
5058
CSO: 3548/439

DETAILS OF SOLCHAGA PLAN FOR REINDUSTRIALIZATION

Madrid DIARIO 16 in Spanish 8 Jun 83 p 17

> [Text] Document to be presented to cabinet by Industry Ministry: Harsh conditions for workers and employers in conversion plan. The Solchaga Plan: There will be a reduction in the payroll both in public and in private enterprises; strong wage restriction measures in enterprises involved; stepped-up early retirements; creation of alternate jobs in areas with highest unemployment rate; development of sector management organs that would limit the autonomy of the enterprises; special government financing and private banking [financing] for sectors involved; reorganization of public enterprises and incentives by geographic areas.

Madrid--"The future law on reindustrialization does not claim to constitute the complete framework of action connected with reindustrialization policy but only redefines the internal reorganization policy for the conversion sectors, thus facilitating more efficient management of that policy and, at the same time, integrating it within a broader scheme of which the industrial promotion policy is a decisive part," it says in a report on "General Outlines of the Reindustrialization Policy," prepared by the Ministry of Industry and Energy which the department head will submit to the cabinet and to which OTR-Press has had access.

This report points out that "the philosophy that must inspire the future industrial conversion policy is characterized by two fundamental aspects: Rigor and solidarity." In this sense assurance was given that "the requirements for sticking to a conversion plan will impose harsh conditions on all parties involved. For the workers, to the extent that recognition of the existence of structural employment surpluses will imply the acceptance of a payroll deduction and a restrictive wage policy but also for the enterprises since the new standards call for the existence of sector management organs (conversion companies) which will take up major portions of the decision-making process to the detriment of the enterprise units. The greater flexibility," the report adds, "and the broader perspective permitted by the planned management organs will facilitate the adoption of an authentic conversion policy for industrial assets, a basic aspect in the internal reorganization policy for the sectors which are in a crisis and that has only been started recently."

It was also stressed that "the demand for solidarity likewise includes the contribution from the private financial system to the industrial conversion process. Although the adoption of a retraining policy could turn out to be efficient for a financial entity, in particular, the general application of this policy would threaten a large part of the Spanish industrial fabric and would consequently seriously affect the stability of the entire financial system. This is why it has been suggested that a mechanism be designed for channeling private financing toward the conversion sectors, either directly or through government loans. At the same time it has been proposed that a specialized department be established within the Industrial Credit Bank; in addition to being responsible for managing financial funds earmarked for government credit for industrial conversion, this department would play a central role in financial planning and control within the context of industrial conversion policy."

Concerning social labor measures included in the plan to which OTR-Press had access, they have a twin objective: "First of all, it has been proposed to improve and rationalize the social coverage mechanisms provided for in the prior standards that governed industrial conversion policy, especially the early retirement system. Second--and through the establishment of job promotion funds --we want to set up an important mechanism for providing a connection between the policy of internal reorganization of the sectors with structural employment surpluses and the industrial promotion policy aimed at boosting new activities and creating alternate jobs."

Public Enterprise

Finally there is mention of the role which must be played by public enterprises in the reindustrialization process; it was pointed out that "they must be subjected to the internal reorganization process, which was drafted as part of the sector conversion strategy designed by the corresponding plan, just like the private enterprises."

It was also pointed out that "by virtue of their special characteristics, public enterprises constitute a preferred action instrument for the policy of promoting new productive activities; they can therefore play an important role in the relocation of employment surpluses generated by the application of the adjustment policy in the conversion sectors."

Measures

Regarding the investments to be made in sectors subjected to conversion and the model to carry out these efforts, the plan points out that "it is necessary to design a mechanism that will facilitate the joint contribution of the private financial system to the conversion policy not only because of the need for solidarity but also in the interest of all of the financial institutions together."

"The private banking system must therefore earmark a portion of its funds for financing the industrial conversion process. For the purpose of setting up this fund channeling effort, we shall consider computable--within the conversion coefficient for risk capital (to be created soon)--both the financing granted

directly by the banking entities to the enterprises involved through the conversion plans and the acquisition of securities issued by the ICO [Government Credit Institute] specifically oriented toward the collection of funds to be used by the BCI [Industrial Credit Bank] to finance industrial conversion. The specific methods connected with this new preferred financing line--specifically, the profitability of the securities issued through government credit for the purpose of providing industrial conversion funds--will be the object of negotiations with the representatives of the private finance organizations."

In this area we will maintain a series of legal measures and we will create other, new ones; among the first of these we must mention the "legal consideration of competition in conversion sectors involving technological, economic, and technical as well as organizational causes in order to provide a foundation for the corresponding job regulation directives," as well as the "breakup of the amount of unemployment benefits, although this breakup must be accompanied by the specific provision of intervention through the Wage Guarantee Fund which would guarantee the complete payment of this benefit to the worker. The fund would advance to the worker the complete amount of the unemployment benefit and the enterprise would contribute to that fund the advance payment through payments spread over monthly installments."

Protection

Consideration was also given to the "suggestion that the Royal Decree on Conversion could establish assistance for early retirment of workers involved," increasing its scope of personal application to workers over the age of 55 or "guaranteeing a certain percentage (of course considerably lower than 100 percent) of the base governing the retirement pension, with the same upgrading system that is now being used. This would include counting the period during which retirement pay is collected from the age of 55 until the age of 60 as a period of unemployment for obligatory relocation purposes. "The period of early retirement will be considered as a membership contribution period for the purpose of constituting the retirement pension with full rights at the age of 65."

Along with the continuation of these measures "it is planned to introduce, by way of supplementation, the possibility that the conversion sectors might organize and develop a series of job protection and development measures that would more actively influence the labor surpluses generated by conversion, thus strengthening the protection of these jobs and bringing about more active promotion of the reintegration of these workers into the labor market. The law could on that point open up a series of institutional channels to legalize the action of the job promotion lists."

The content of this protection provided through the fund will be concentrated on an improvement in the intensity of protection against unemployment, supplementing the basic benefits and, as the case may be, additional unemployment benefits, so that the total collected by the worker would reach a certain percentage of the average wage drawn while employed and "active promotion of relocation in the area of personnel forces affected by conversion. This effort will include the intensive development of job training activities in coordination with the INEM [expansion unknown] and the institution of possible economic incentives for the net creation of jobs for that particular personnel force, through contributions in the form of nonrepayable funds for the enterprises."

Regional Support

The document to which OTR-Press had access also notes that "both the employment promotion funds and the regional and technological support measures are intended to promote a way out of the situation created by the traumatic application of a conversion plan, therefore facilitating its implementation." Therefore, "conversion plans should include some industrial promotion instruments, especially relating to the geographic areas most seriously damaged by reorganization, as a necessary condition for planning and reducing the social cost of industrial adjustment which otherwise could in some cases be very painful due to the planned capacity cutbacks."

In this sense, the important thing is "through shock treatment, to prevent abrupt drops in employment levels in townships affected by industrial adjustments."

The Method

As pointed out in this document inspected by OTR-Press, "The decision to submit a specific sector to the industrial conversion process will be adopted by the administration on proposal of the MINER [expansion unknown] on the basis of permanently updated sector studies. If the conclusions of that analysis are positive and if the sector in question adequately fits within the future outlines of Spanish industrial policy and accepts the conditions imposed upon it, the MINER will forward the proposal to the CDAE (Delegated Government Commission for Economic Affairs) which will establish a provisional guidance body for possible conversion, made up of representatives of the administration. This body will be responsible for summoning the labor union headquarters and the corresponding employer association to draft the sector conversion plan by a specific deadline. This plan at the very least will have to cover the following: The sector's current situation, basic conversion objectives, design of the sector's industrial sector after conversion (resulting enterprises or management units, product lines, etc.), investment plan, adequate business management structure, necessary adjustments (financial, labor, etc.), measures to be developed, such as industrial, technological, commercial, financial, labor measures, etc.); instrumental setup for these measures; management organs and followup: Participation and areas of competence.

"If agreement is not achieved prior to the deadline, the administration may declare the sector to be a conversion sector through a royal decree."

5058
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PUJOL SEEKS MAJOR PUBLIC INVESTMENT FOR CATALONIA

Madrid YA in Spanish 3 Jun 83 p 25

[Article by Maria Angeles Llinas]

[Text] Barcelona--The president of the Catalan Legislative Assembly, Jordi Pujol, yesterday delivered an unambiguous and unexpected speech to Economy Minister Miguel Boyer during the latter's first official visit to Barcelona to attend the opening of the 51st Barcelona Samples Fair. "As the president of the Legislative Assembly," Pujol said, "I have the duty to tell you that in Catalonia there is deep concern, a certain degree of discouragement and the feeling that the central government lacks understanding."

Pujol explained these initial remarks by pointing out that the suspensions of payments and unemployment have hit Catalonia the hardest of all Spain's regions and that this problem has brought together employers and workers, who fell "threatened."

Pujol complained, without wanting to portray his region as a victim, about the scant public investment in Catalonia, which is estimated at 33.53 billion pesetas, below that of other autonomous communities such as Andalusia, Galicia, Madrid, Valencia and Castile-Leon.

The president of the Catalan Legislative Assembly also said that he was under the impression that the central government and the Catalan Government had differing views of the community's economic priorities. Pujol pointed out that the Catalan economy has special features that differentiate it from the rest of Spain's economy. "In Catalonia," the president asserted, "we must assign priority to saving existing jobs before creating new ones. We do not have to be industrialized," he went on to say," because we are already an industrial area, in fact, the 10th leading industrial region in Europe. What the administration has to do is help us reconvert many of our companies."

Pujol explained to the minister that Catalonia is an economically poor region whose industrialization is due to the efforts of businessmen and workers. He noted that its economy is based on medium-sized companies and some large ones, but most have a very low capital investment index.

In light of all these characteristics, Pujol appealed to the minister for solidarity from the rest of Spain in tackling unemployment and the crisis, which are hitting Catalonia especially hard. He also called on the minister to give Catalonia back its creativity, which has been the key to its progress.

Boyer: We Have a "Long, Hard" Road in Front of Us

In his speech at the fair on his first official visit to Catalonia, Minister Boyer replied to Pujol by asserting that the administration has high regard for the Catalan spirit as one of the elements that Spain needs to fit in with the Western World and the prosperous countries.

In an optimistic tone, Boyer averred that "we are in an economic transition with a favorable trend," cautioning, however, that ahead of us lies a "long, hard" road.

Boyer said that Spain's main economic problems at present were the highest unemployment rate in all Europe; inflation, which makes us less competitive; and an exterior imbalance, especially the falloff in foreign trade, which has continued during the initial months of the Socialist administration, as he himself acknowledged.

The minister explained that in his opinion unemployment has decreased, because "it has increased only 12 percent," which is less than in other European countries. He also said that the Socialist government has succeeded in getting $300 million less to leave the country so far this year than last. With respect to new administration measures, the minister announced that a white paper on industrial reconversion would be submitted to and possibly approved by the next Council of Ministers and that a decree amending the fair regulations from 1943 would also be presented.

Boyer concluded by pointing out that in spite of our economic difficulties, "within time we will see that the peoples of Spain have achieved freedom and autonomy."

Pujol and Boyer had lunch together yesterday in the palace of the Catalan Legislative Assembly. Afterwards, the president left on an official trip to the French town of Toulouse, where he will spend 2 days as a guest.

8743
CSO: 3548/432

AEB-CCOO PACT ON BANK WAGE AGREEMENT

Madrid DIARIO 16 in Spanish 26 May 83 p 15

[Article by Jose A. Sanchez]

> [Text] The Spanish Private Bankers Association [AEB] and the Workers Commissions labor union [CCOO] signed a secret pact yesterday morning on the split working day as an alternative to the situation discussed in the wage agreement, just as DIARIO 16 predicted in an exclusive last Tuesday. The pact, which will serve as a point of departure for calling a referendum, has been roundly rejected by the UGT [General Workers Union], which has expressed its opposition to the new workday running from 8:00 am to 5:00 pm. Justo Fernandez has threatened to mobilize workers and has announced he will boycott any dialogue.

Yesterday, after a marathon secret session that began Tuesday afternoon, the AEB and the CCOO agreed, just as DIARIO 16 had predicted, to a pact concerning the private banking sector's agreement on the subject of the split workday, which will serve as a point of departure for calling a referendum, an indispensable step in winning definitive confirmation of the wage agreement.

The agreement reached between business leaders and the Communist union calls for a split workday from 8:00 am to 5:00 pm, with an hour off for lunch, for a period of 9 months, while current practice will prevail during the summer, and workers will have Saturdays off.

Among the counter-offers made by the AEB, apart from the wage increase of 11.75 percent over the wage base, are merit and longevity raises, periodic wage reviews as set out in the terms of the inter-federal agreement, an increase in productivity bonuses from 61 to 68 pesetas, a reduction of the absences clause from 15 to 18 days, better conditions for surpluses, formation of a commission to study reclassification of personnel as well as cases involving persons seriously inconvenienced by the new schedule, and finally, 350 pesetas extra for food during the nine months when the new schedule is in effect. The last point was beyond a doubt the battle horse which, in contacts maintained by both parties, provoked the disagrement, for while CCOO began by asking for 10,000 pesetas a month, the bankers were offering exactly half that

amount. Now a period of controversy and conflict has been opened up. The remaining union federation present at the negotiating table expressed their disagreement with the new working day, although the Independent Federation of Credit Workers, [FITC], according to Efe, has reconsidered its position and will link that position to the results of a referendum which the CCOO is expected to carry out at all bank offices. This is, by all lights, a union challenge without precedent and of unforeseeable consequences.

The unity maintained by the majority workers centrals at the negotiating table was broken at the last meeting, when the CCOO proposed the possibility of the new work schedule to the mediators, whom the latter union formerly mistrusted.

Beginning with this meeting, unified relations turned into a permanent confrontation. Positions taken were irreconcilable, as Justo Fernandez, leader of the UGT, had committed himself in his union's elections to struggle with all his might against the new work schedule. He thus expressed his categorical opposition from the beginning, calling for mediation as the most dignified solution.

At this juncture, the AEB and the CCOO initiated informal contacts to bring their positions closer together and achieve the minimum grounds for a referendum. The intense desire of Rafael Termes, president of the AEB, to achieve this long-standing wish of the bankers, and the CCOO's strategy of considering this the opportune moment to win substantial concessions from the bankers for something which they were bound to impose on workers sooner or later, have contributed to the signing of this controversial pact.

The real battle in the banking industry begins today. The pact, rejected by the UGT, which is the majority union in the banking industry, will provoke ongoing confrontation, since the UGT leader has expressed his intention of boycotting any referendum in which, as he says, he has no confidence and finds no guarantees.

On the other hand, and due to the fact that the bankers do not wish to sign an agreement limited from the outset in its applicability; that is, an agreement which would be honored only by its signers, the referendum will have as its objective the achievement of an overwhelming majority of the workers who favor the proposal, in order to bring pressure to bear on the other unions and thus win the 8 votes needed to sign a universally applicable agreement.

In order to put together those 8 votes, the CCOO, which has 4, needs the 3 votes of the FTIC and the single vote of the ELA-STV [Solidarity of Basque Workers], as neither the Galician Inter-Union [IC] nor the UGT will accept the results of the referendum, regardless of what they are. The reasons Justo Fernandez gave DIARIO 16 for boycotting the referendum focus on the fact that "the bosses and the scabs are going to have the power to impose, using pressure and threats, something we fought against." In the second place, Justo Fernandez believes that conditions are insufficiently homogeneous for talks, for "sometimes, the desire of the majority, speaking from a union point of view, cannot be accepted, if it is prejudicial to some small sector."

Regression

For the UGT's leader, the new workday schedule represents a step backwards at all levels, especially for workers in urban centers, who will not be able to cover their food costs for 350 pesetas, "in spite of the fact that Rafael once said that bank employees should not take long, heavy meals, because it lowered productivity."

Thus, Justo Fernandez's warnings to the effect that this pact will give rise to numerous problems in the banking sector as a means of bringing pressure to bear, such as workers assemblies, demonstrations, and even strikes, together with the conflicts that have emerged in the bosom of the CCOO, as in the case of the Murcia union, where workers have expressed their opposition to the new schedule.

Today marks the beginning of a series of assemblies in which Justo Fernandez will play an especially significant part, and where he will participate directly in order to explain his position. "The new working day not only represents a step backwards, but what is more, in the pact just signed nothing has been won in exchange."

9839
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ANTI-CCOO PROTEST OVER BANK ACCORD SIGNING

Madrid YA in Spanish 28 May 83 p 26

[Text] About 2,000 persons took part yesterday afternoon in a demonstration organized by UGT [General Union of Workers] and the other union organizations against CCOO [Workers Commissions] for having made a secret bank pact with the Spanish Banking Association (AEB). This is the first time that such a demonstration has taken place in Spain.

The demonstration was led by a large banner proclaiming "Saturdays free, working day from 0800 to 1500 hours." This banner was carried by Justo Fernandez, secretary of the Banking Federation of UGT, and by Eugenio Garcia, member of the CNT [National Confederation of Labor], among others.

During the march, slogans were chanted such as, "CCOO are talking parrots in sheep's clothing," "Soon CCOO will not be able to sign anything," "We don't care what you say, we won't accept a divided work day," "Work week of 35 hours, Saturdays off," "CCOO has soiled its trousers," and "The split work day will ruin your life."

At the midpoint of the march, the group paused for speeches by the union leaders.

Eugenio Garcia, the CNT member, said, "There is no way we can accept a referendum which will have the effect of ruining our way of life."

Next to speak was Miguel Angel Perez Bermudez, a leader of the provincial CCOO banking division, who noted that the majority of his colleagues were against the manner in which the negotiations were being carried out. He said, "This agreement is beyond the powers of CCOO; it is against Justo and the UGT, and through this arbitrary, antiunion approach, the union is being led into a blind alley. We are working from within the union to get out of the situation where they have placed us. The majority of the delegates are in opposition to the measure which has been taken."

Justo Fernandez said, "This is a sellout of one of the most important gains made by the union, one which cost us so much to win. Therefore we are going to fight until the last drop of sweat and blood against the implementation of the split work day. It will not be easy to win out over the forces of ambition, opportunism and unscrupulousness," he continued, "but the unity of all workers,

the strength from those who stayed on the picket lines during the strike and those who were beaten, will achieve our goal."

Workers Commissions is proposing that the bank referendum for ratifying the AEB agreement should take place between 7 and 15 June, and in order to assure control of the voting, CCOO has written to IMAC requesting supervision for the election.

11989
CSO: 3548/431

ELECTION IN OCTOBER NOW SEEMS 'INEVITABLE'

Stockholm DAGENS NYHETER in Swedish 4 Jun 83 p 10

[Article by Ake Ringberg: Schluter Remains but....New Election in Denmark Expected This Fall"]

Copenhagen, Friday--It was only by literally calling for help that Prime Minister Poul Schluter was able to escape the grip that Mogens Glistrup had gotten on him: Denmark avoids a new election before Midsummer, but Parliament will reconvene in a few weeks in order to continue the legislative session.

But it is now clear that Denmark can no longer be governed with compromises and halfmeasures: an October election seems inevitable.

Parliament had its last session on Friday. Normally it does not reconvene until October. But constitutional amendments from 1953 give the government the authority to reconvene the popularly elected representatives during the summer, and it is this article which Schluter is now making use of.

The reason for this unique procedure is that the government faced its downfall after a night drama, in which first Mogens Glistrup's so-called death patrol stood Schluter up against the wall, and then the government nearly stumbled into its own net over an incorrectly worded agenda.

The only chance for survival for Schluter was to withdraw the bill which the Progressive Party refused to agree to and then to propose a watered-down amendment which everyone was able to vote in favor of.

Most of the drama took place during the night between Thursday and Friday during a session in which the debate had to be interrupted time and again because it was clear that the government would be voted down and forced to resign if the proposed statements came up for a vote.

Cooperation

It was Mogens Glistrup, Leif Glensgaard and Mogens Voigt who made it clear that they intended to vote against the government's bill. It was in that

situation that Schluter sent in Erhard Jacobsen, one of the coalition brothers, in order to pacify Glistrup with a new amendment.

The amendment which only spoke of "the closest possible cooperation with all parties" was swallowed quickly by shrewdly by Glistrup, who in turn demanded that if there was to be such intimate cooperation, then it was necessary to keep Parliament going in order to gain time for discussion about the cuts to the municipalities which had long been demanded.

The Schluter government consists of four parties, which together nevertheless did not have a majority in Parliament but must seek the support of both the Progressive Party and the Radical Liberals on every matter. On the important issue of reduced state subsidies to provinces and municipalities the government was forced by the Progressives to make fewer cuts than intended, while Glistrup demands that the cuts should go even deeper.

The two support parties also have diametrically opposed views on the question of quotas for public housing construction, as well as on the issue of support policy for agriculture.

The Tax Case

From an ideological viewpoint the Progressive Party and the Radical Liberal Party are light years apart, and Schluter more or less found himself between a political Scylla and Charybdis. He was therefore forced into a situation, in which he either had to swallow Glistrup's humiliations or accept defeat in the voting and then dissolve Parliament and hold a new election. Opinions within the coalition were also strongly divided.

Schluter chose to withdraw the controversial proposed bills and Parliament will consequently be recalled in a few weeks. At that time the opinion of the Supreme Court against Glistrup in the famous tax case will also have been handed down, an opinion which is expected to result in imprisonment for the founder of the Progressive Party. Everyone now believes that Schluter's objective in reconvening Parliament is to have it make the decision to suspend Mogens Glistrup's parliamentary immunity.

And then, people say, Schluter will calmly be able to resume the negotiations, without Glistrup. However, during its 35 weeks in power the government has been voted down as many times, and it is probable that Denmark faces a new election as soon as summer is over.

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SCHLUTER GOVERNMENT'S SUCCESS IN ECONOMIC POLICY REVIEWED

Stockholm SVENSKA DAGBLADET in Swedish 24 May 83 p 24

[Article by Karin Henriksson: "Despite Great Imbalance in the Economy; New Optimism in Denmark"]

[Excerpts] Copenhagen--Cautious optimism in the official prognoses, great optimism on the stock market and tremendous optimism from the government representatives....

In the spring of 1983 the state of the country of Denmark is better than it has been in a very long time. But the improvements are mostly of a psychological nature; great economic imbalances remain under the surface.

The so-called Danish disease, which culminated in 1982, was characterized by several independently disturbing features:

a) A large and growing deficit in the balance of payments.
b) An equally large and growing deficit in the national budget.
c) An unemployment rate, which very rapidly has grown to nearly 10 percent.
d) Inflation which continued to rise, unlike in many European countries.
e) An interest rate level higher than 20 percent for certain loans.

The Danes are going to hell first class, it was said. Money for the ticket was borrowed abroad. The fact that their international credibility had received a serious blow was demonstrated when the credit rating of the Kingdom was downgraded from the obvious "triple A" to AA+.

GNP Rose

Last year something unexpected happened, however. The GNP rose by 2.5 percent, a record figure in the Western World. Only Japan was able to match it; in Sweden, for example, the GNP dropped somewhat.

Had one reached bottom? Could things only go upward?

No, the explanation was partly the continuing Danish export successes, partly increased domestic demand. The latter, in combination with large investments in the North Sea oil and gas fields, also led to a large increase in exports.

With growing interest payments to foreign countries the deficit in the balance of payments grew from 8 to more than 20 billion Danish Kronor. Several loans had to be taken out, at the same time as current expenditures increased.

The budget deficit rose by 65 percent, or from 34 billion to 56 billion Danish Kronor.

During 1982 a realization began to develop--it could not continue like this, say observers at the National Bank, the Economics Ministry and in the Danish unions.

The government changed in September, and for the first time in the 20th Century Denmark received a Conservative prime minister. His name is Poul Schluter, and he applied forceful measures from the beginning. It is now safe to say that Denmark is among the countries advocating economies as the best way to prevent an economic crisis.

As early as October Schluter's coalition, the so-called four-clover government, came up with the first austerity package, later followed by another few. It contained wage and price freezes, cuts in public spending, the elimination of a Danish holy cow--cost-of-living supplements--etc. In the wage negotiations concluded in March the parties were told that wage increases in excess of 4 percent were unacceptable.

"Between 5 and 6 years are needed in order to completely bring Denmark to its feet again, and it must therefore be anticipated that we will struggle and fight to retain our government position," he [Poul Schluter] further said.

The economic policy which has been implemented differs from previous ones primarily on three points:

a) The exchange rate of the Krona has been pegged.
b) Economy measures to reduce the budget and balance of payments deficits.
c) Price-reducing measures, such as the 4-percent limit in collective bargaining, in order to strengthen competitive ability in business.

Henning Dyremose, chairman of the Conservatives' parliamentary group, believes that very favorable results have been achieved in a very short time.

Drop in Interest Rates

"We had made it a goal that the five figures which were pointing upward would turn around, and this has also happened. First I would like to mention the drop in interest rates, which has been quite significant. The interest rate for cash credit, for example, dropped from 19.1 percent to 13.7 percent. The companies thereby saved 4.5 billion Kronor. Or take the bond interest rate, which dropped from 21.5 percent in September to 13.5 percent today. This way

there is a 25-30 percent lower initial cost for a family which wants to build a house."

"Inflation this year is likely to end up at about half of what we are used to--5 to 6 percent as against 10-12 percent. Wage increases which were 11 percent in 1982 will be 7 percent this year and 4 percent in 1984. The total wage payments were 165 billion kronor in 1982; for this year we can anticipate a 6.6 billion improvement and for 1984 19.7 billion."

Loves Figures

Henning Dyremose smiles disarmingly, casually mentions that he "loves figures" and continues:

"The deficit in the balance of payments was 20 billion last year--this year we will stay below 15 billion. The budget deficit, which grew explosively, was approaching 80 billion--we have forced it down to 60 and expect further reductions next year."

Neither Henning Dyremose nor the official prognoses can promise a drop in unemployment. However, Henning Dyremose emphasized that the number of new jobs is increasing and that the rate of increase in unemployment has slowed.

"One usually says that measures such as those we have implemented hurt the weak ones, but this year the LO [Federation of Trade Unions] worker will get wage gains of 0-1 percent in comparison with a 4.3 percent loss in 1980-81 and 1 percent in 1981-82."

Understanding

To the question of whether the Danish people really has any understanding of these harsh measures, Henning Dyremose replies:

"Yes, that is our impression. To be sure, there is no difference in the opinion polls as regards party sympathies, but at the same time a poll on the government's popularity shows that we have the highest figure in 40 years."

At the moment the four-clover government is working on the 1984 budget, and its initial goal will be to save 10 billion kronor. This is to take place for example by imposing surcharges on certain public services and by making the individual responsible for a greater portion of the unemployment insurance, for example.

The government presented its long-term budget plan last week; in it a continued strong decline in interest rates is predicted, from today's 13-14 percent to 6-7 percent.

Unemployment is likely to hover around a quarter of a million people as late as 1987, however, despite the assumption of an economic upturn and a falling dollar exchange rate. Government economists also take for granted that public expenditures can be frozen at the 1984 level and that wage increases will not

exceed 6 percent. The foreign debt will be 200 billion in 1987, it was further said.

How Denmark will fare during 1983 depends chiefly on whether the signs for an international economic upturn are realized, as well as on the continued development of the oil prices.

Light

"The wheels have begun turning again, although the underlying situation is still stagnant. The recent enthusiasm may possibly be explained by the fact that this is the first time in 3 years that one sees light at the end of the tunnel," says Verner Puggaard, who is an economic expert with the Industry Council.

The combined Danish national debt is 80,000 kronor per citizen. The foreign debt now amounts to 150 billion kronor and it is this which will leave the most bitter memory of the crisis years, when one borrowed for consumption.

Even today Denmark's accounts with other nations would balance, were it not for the interest payments. The costly import of energy will decrease over the next few years with domestic oil and gas from the bottom of the North Sea. That is certainly fine--but it will not go very far if the indebtedness continues to grow.

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UNION OPPOSITION TO BUDGET CUTS PUTS PRESSURE ON SCHLUTER

Stockholm SVENSKA DAGBLADET in Swedish 24 May 83 p 24

[Text] Copenhagen--"We are of course generally opposed to the government's economic policy. The savings and the very austere financial policy mean that purchasing power will decline, which leads to reduced demand and therefore the risk of lower production."

These are the words of Henrik Bjerre-Nielsen, who is an economist with the Danish Federation of Trade Unions, LO. Further, he is of the opinion that the government's plans for saving another 10 billion kronor sound dangerous. In that case the domestic market would become extremely hard pressed, he believes, which will lead to Denmark's becoming even more dependent on a potential international economic recovery.

"The price for the successes which have been achieved has been too high. First, unemployment increased--and along with that the payment principles for support became less favorable. Cutbacks in public service affect the weakest in society, as is well known."

Henrik Bjerre-Nielsen also fears that unemployment will grow even more with the 10-billion package. Today about 265,000 Danes are without jobs and unemployment this year is expected to go to 280,000 in the official prognoses.

The LO also turns against the planned 600-kronor "gift check," which is to be given to all employed persons if the agreed-on limit of a maximum of 4 percent wage increases this year can be adhered to.

Tax Relief

"It is wrong to give away 2.3 billion in tax relief at the same time as the municipalities are ordered to save 3 billion. We are also against general tax relief measures--if these are to be instituted, they should go to those who need them most," Henrik Bjerre-Nielsen says.

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PAPER DISCUSSES KARJALAINEN'S ATTACK ON KOIVISTO

Helsinki HUFVUDSTADSBLADET in Swedish 31 May 83 p 2

[Editorial by Jan-Magnus Jansson: "A Shock in Perspective"]

[Text] A caustic attack on the "third republic" by a leading figure from the Kekkonen era was at the heart of Ahti Karjalainen's statements after his dismissal, writes Jan-Magnus Jansson.

There is no need to deny the fact that during the weeks when Ahti Karjalainen's dismissal from the Bank of Finland and from the leadership of the Commission on Economic Cooperation was being put into effect, the republic went through a kind of political crisis. The affair can now be viewed from a slightly greater distance and with less passion. The strange thing about it was that it was not caused by a power struggle between schools of thought or individuals. That battle had been fought out long before. The cause was one individual's loud cry of protest on his own behalf, his refusal to use the opportunity to resign voluntarily, and his determination not to "be hanged quietly"--which, according to a remark attributed to Voltaire, is the most unpleasant way there is to be hanged.

In an earlier editorial (on 26 May), HUFVUDSTADSBLADET stressed that the remarks by Karjalainen need not necessarily be taken at face value. That is naturally true. By not conceding in the slightest that there were objective and unbiased reasons for the action taken against him, he undermined his case. Regardless of whether other motives also played a part in the process by which he was removed from his post, the pure "devil theory" advanced by him concerning political persecutions and personal plots is in its essence untenable and illogical.

All the same, the strong emotional outbreaks that marked Karjalainen's reaction to his dismissal have left a sort of vibration in the air. First and foremost, they had a shock effect by coming from a person who for decades had been seen as the archetype of glum taciturnity and who had seldom expressed anything in public except official platitudes. This is true even though, as must definitely be pointed out, several of Karjalainen's remarks showed impaired judgment or emotional agitation.

Karjalainen's trump card is the fact that for decades he was at the center of power and knew the innermost reasons for political decisions. Most of the people he worked with are either dead or retired, and he presumably does not want to harm the foremost partner with whom he worked--Kekkonen--even though in a recent interview with SUOMEN KUVALEHTI (27 May), he told about a violent clash with the president in 1976 in a way that clearly put Kekkonen's condition in an unfavorable light. Another thing is that Karjalainen's relations with his chief had already become tarnished before that--for example, in connection with the fall of the second Karjalainen government in 1971.

What makes Karjalainen's otherwise subjective remarks interesting is that they represent, so to speak, the first open counterattack by a leading figure from the second republic against the reorganizations that have taken place since that time. In interviews with both TIEDONANTAJA [organ of Communist Party's Stalinist wing] and SUOMEN KUVALEHTI--a combination characteristic of Karjalainen's double stance--Karjalainen made a heated frontal attack on the Social Democrats and also on President Koivisto. He told SUOMEN KUVALEHTI: "The so-called low profile has been turned into a high profile in which one is beginning to see a Social Democratic policy." And Karjalainen not only accused the president once again of firing him for irrelevant reasons but also questioned his competence in foreign affairs. According to SUOMEN KUVALEHTI, Karjalainen is "downright frightened" by the possibility that Finland might get caught in a crisis under Koivisto.

Talk like that has not been heard from any leader in public, and it can well be said that besides reflecting bitterness, it also reflects the belief in the president's unique position that prevailed during Kekkonen's era, especially among those close to the president. Without denying that the president still bears the ultimate responsibility, especially in critical situations, we can say that foreign policy today stands out less as one individual's creation than as the result of cooperation among various bodies.

In an interview with HUFVUDSTADSBLADET, former Ambassador Jaakko Iloniemo said that the institutions were going to play a bigger role in the future and that the power structure of the Kekkonen era, which had been centered on individuals, was "breaking down." Iloniemi's statement, which was the target of a perhaps not exactly unexpected but still surprisingly sharp attack in the newspaper published by the minority Communists, has in our opinion hit the mark fairly closely. Obviously, the role of individuals will never disappear, and it would be easy to count up a dozen people occupying leading positions in the new power structure. But while leaders such as Paasikivi and Kekkonen achieved their dominant position because they were active in an especially dramatic period, it is natural that in today's stabilized situation, those conducting our foreign affairs should now operate in a less centralized manner and make more use of normal routines and regular channels.

Finland's foreign policy leaders should be able to expect support from public opinion and the press that is concerned not with people but with issues. Criticism is also a component of loyalty when necessary, but it should be directed at provable errors--of commission or omission.

Differing opinions as to the political importance of Karjalainen's public statements and assessments are possible. Those statements and assessments can be seen as expressing a lone and frustrated individual's desire to protest. But they can also be understood as being watchwords designed to be brought back to life if there is a change in the political climate.

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PAPER VIEWS PROSPECTS FOR SOCIALIST SKDL GROUP TO BEAT CP

Helsinki HUFVUDSTADSBLADET in Swedish 25 May 83 p 2

[Editorial by Bjorn Mansson: "Formation of SKDP's 'Green' Faction"]

> [Text] The SKDP [Finnish People's Democratic League] Socialists are primarily a small group of intellectuals brought together more on the basis of their shared ideals than by a desire to gain political power. Their political strength remains a mystery, but it is probably not enough to bring about a radical change in policymaking within the SKDP-SKP [Finnish Communist Party], writes Bjorn Mansson.

The timing of the organization of the SKDP Socialists over the weekend should be viewed in terms of the situation in the Finnish Communist Party. In a situation in which no lasting solution to the SKP's internal problems is in sight, a group of People's Democrats not affiliated with the SKP has decided to bring matters to a head by forming their own organization, even if it is a loose one.

Their decision is historic inasmuch as since the mid-1950's, there has been no organized group within the SKDP besides the SKP and the People's Democratic leagues for women, young people, children, and students. When the SKDP was established in October 1944, the intention was to set up an umbrella organization for several different "democratic forces." That ambitious goal was never achieved, however, if we disregard the fact that the Socialist Unity Party, which originated in the leftwing opposition of the so-called sextuplets within the Social Democratic Party, was a member of the SKDP from 1946 until 1955. In actual fact, the SKDP has remained a front organization for the SKP.

And it is not a question of a new party this time, either. One reason for not choosing that form of organization is said to be the fear that the current overrepresentation of the Socialists in the SKDP's governing body would have been reduced to reflect the strength of the new party formation. That was a risk no one was willing to take--the strength of the Socialists will never lie on the organizational level.

The loose form of organization that was chosen--members' associations only in the election districts and no real apparatus in the field--shows that what exists is primarily a group of intellectuals brought together on the basis of

shared ideals rather than by a desire to gain political power. With some exaggeration, the whole thing could be described as the formation of a faction.

As such, however, it may become an interesting addition to the political color chart. Ideologically, the group represents the theory of socialism without the burden that so-called "socialism as it really exists" is often considered to carry with it. The group's distance from the socialist systems in East Europe was emphasized at its constituent meeting by the telegram it sent to the head of the Polish party and government protesting the treatment of cultural work in that country. If it continues on that path of criticizing the East, there will be a new phenomenon in Finnish politics, especially within the established leftist parties.

From a purely theoretical standpoint, one's first impulse is to describe the SKDP Socialists as being more or less the anarchosyndicalists of our time--who want to demonstrate their repudiation of both communism and social democracy. They do this by picking ideological elements from various places--for example, the talk about decentralization, small units, and autonomy points to influence by what, in the history of Finnish ideas, could be called a radical centrist ideology, with roots in Santeri Alkio's peasant radicalism at the turn of the century.

More modern ideological elements have been taken from the environmental movement, feminism, and, above all, what is usually described as the "green" movement. The parallels with the so-called Greens in Parliament are obvious. Actually, the organization of the SKDP Socialists can, from that standpoint, be regarded as also being a response to the challenge from the Greens, even if the embryo of the new organization already existed before the advance by the Greens.

The new group says that it wants to concern itself with ideological debate. Its political strength remains a mystery, however. Its primary sympathizers add up to only a few hundred, although in theory, the approximately 30,000 SKDP members not affiliated with the SKP could be expected to constitute a potential pool for recruitment.

There is one main point on which, despite everything, the SKDP Socialists have a clear political ambition. It concerns decisionmaking in the SKDP-SKP. There is talk about "new rules of the game" and about the idea that decisions should be reached within the SKDP rather than being dictated by the SKP. That ambition is not exactly a small one. The only question is whether the group's political strength will suffice for pushing through such a radical change. In the parliamentary group, for example, the Socialists have barely a handful of representatives. Not even in in the SKDP group as decimated by the elections will such a position of strength get very far.

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FORMER ENVOY TO U.S.: USSR MUST ADOPT NEW ATTITUDE

Helsinki HUFVUDSTADSBLADET in Swedish 24 May 83 p 14

[Report on interview with Jaakko Iloniemi, former ambassador to the United States, by Erik Appel; date and place not specified]

[Text] The Kekkonen system--that is, governing through individuals in key positions--is breaking down. The institutions are coming into favor in politics.

No new direction is being taken in our foreign policy, but the same foreign policy is now being pursued by other methods. This also requires a new attitude on the Soviet side.

That is how former diplomat Jaakko Iloniemi, newly appointed manager and "foreign minister" of the Union Bank, describes some of the changes in the so-called "third republic"--Mauno Koivisto's republic.

Iloniemi personally plans on staying in the background politically and concerning himself with the bank's "foreign policy," a job that he says does not differ all that much from the work of a diplomat.

He reports directly to the chief manager. He describes his job as being a sort of general staff function. Among other tasks, it includes assessing the political risks that may be built into a foreign commitment.

What kind of risks are those, and where might they conceivably exist?

"It may be a matter of unstable governments, the possibility of revolutions, nationalizations, and so on.

"It means that I will have scarcely anything to do with stable countries such as Switzerland and Sweden. But from the standpoint in question, the Middle East and South America, for example, are interesting areas."

"Handpicked by Kekkonen"

Jaakko Iloniemi is a second-generation Helsinkian. His family is from East Bothnia, where his great-grandfather's original surname was Nalkamaki. Iloniemi says: "It was the name of the homestead. He later moved to another homestead

in Pera-Seinajoki named Iloniemi, so he took that name. That was very common in those days."

Iloniemi speaks excellent Swedish, and the foundation for it was laid during the year he spent in Sweden as a child during the war. He maintains his proficiency in the language by reading HUFVUDSTADSBLADET and other material every day.

Iloniemi got into foreign affairs and diplomacy by way of international development assistance. Like other "big guns" during the Kekkonen era (Max Jakobson and Keijo Korhonen), he entered that career through the side door.

According to Iloniemi, one cannot really talk about a "Kekkonen team" except in the sense that Kekkonen trusted those individuals and their opinions and wanted to have their advice. Korhonen occupied a special position. There were strong personal bonds between him and Kekkonen.

In a way, one can say that those individuals, who were brought in ahead of career personnel, were handpicked by Kekkonen.

"Mr CSCE"

Iloniemi himself was obviously one of them. He advanced rapidly in his career, and in 1975, his Kekkonen-like bald pate was a characteristic "landmark" at the Conference on Security and Cooperation in Europe [CSCE] being held in Helsinki during that warm summer. His unofficial honorary title as "Mr CSCE" dates from that time.

In October 1977, he was off to Washington to occupy what is our most important ambassadorial post along with the one in Moscow. He remained in that post for 5.5 years, until the Union Bank enticed him into coming back home and changing careers.

What is it like to be the ambassador from a small country to a big power such as the United States? Is one in danger of disappearing in the crowd?

"Yes, and that is why one must take care not to get involved in less important matters. One must be selective. A person could spend all his time with his own countrymen if he wanted to. But that, of course, is not why one is there."

Are people in the United States acquainted with Finland in any way other than via Paavo Nurmi and because of its reputation as a country that pays its debts?

"That last-named point still holds true today, at least among people over 40 years of age. If there is anything they know about Finland, it is that it is the country that pays its debts. And if they know only one thing, that is probably the best thing to know--in other words, that the Finns are a reliable people."

Cheese

An ambassador is expected to provide well-informed reports and interpretations concerning what is going on in the country in which he is stationed. That requires contacts.

The official contacts are with the State Department as far as political reports are concerned.

Other official bodies are the Commerce Department, the Treasury Department, the Federal Reserve Bank, and--very interestingly--the Department of Agriculture.

"Finland exports a great number of farm products to the United States, especially cheese. The United States is our biggest customer for cheese.

"When it comes to foreign affairs, the White House (the President and the National Security Council) and Congress are two other centers of power. But for a small country such as Finland, they are not especially appropriate or valuable, because they deal only with really big issues, big crises, and bilateral problems of a magnitude which, thank goodness, does not apply to us," says Iloniemi.

Private Sources

But the most valuable alternative interpretations of what is going on, what the government is really up to, and what intentions lie behind a new initiative over the longer term are obtained in many cases from entirely different sources.

There are private individuals--journalists and so on--who have been involved in the workings of the government or who for some other reason have a lively interest in politics, and there are also scientific institutions, research institutes, and so on which are politically important in their own right.

"I must say that my political reports were based more on those private sources than on official sources."

There are also journalists who are not only experts on U.S. policy but who also are politically important themselves. Examples are James Reston and Carl Rowan, the former ambassador to Helsinki.

Rowan writes a column that appears in 300 newspapers, some of them with big circulations.

"If he has a certain opinion on Finland and expresses it, that carries quite a bit of weight," says Iloniemi, and he adds that he feels that he had very good contacts precisely with those journalists.

As far as the conduct of foreign policy is concerned, there is a built-in and intentional dualism in the American system between the State Department and the White House. But the Defense Department--the Pentagon--also has very considerable capacity in the field of foreign policy. It has a department that is

bigger than many European foreign ministries for dealing with what are actually diplomatic and political questions.

"The CIA also has a big capacity for analyzing foreign affairs, and it comes up with its own recommendations. The National Security Council, on the other hand, plays a coordinating role."

[Question] "In Finland, of course, we have definite opinions about Reagan and his policy. Many people see him as war-crazy. How do you view him?"

[Answer] "He believes in the importance of strength in international relations. He believes that the United States must be strong, not only militarily but also economically.

"He obviously feels that only by being as strong as the Soviet Union can the United States maintain its position, not only militarily but in other respects.

"That seems to be his analysis of the situation, and it is true of the entire team that he has brought into his administration. Weinberger certainly views the matter in the same way. Shultz has perhaps a somewhat different view, since his background is in business."

[Question] "They are all from the west coast, aren't they?"

[Answer] "Yes, Californians. Weinberger is from California. So are Shultz, Clark (head of the National Security Council), and Reagan himself."

USSR: an Opponent, not a Partner for Cooperation

[Question] "Does that California lobby have a true perception of the situation in Europe--does it understand Europe?"

[Answer] "That is a question that needs to be asked. None of the four I have mentioned has devoted a great many years to foreign affairs. They have not lived abroad, they have not written anything on foreign affairs, and they have not distinguished themselves in that field in any way. They were faced with an entirely new task when they came to Washington to take over the leadership of foreign affairs. It could therefore be expected that a more general approach to world politics would set the tone--one based not on specialized knowledge and expertise but one set within a wider framework: one's view of the world. And within that framework, the Soviet Union is seen more as an opponent than as a partner for cooperation.

"I think it can rightly be said that people who live on the west coast have a greater interest in Latin America and Asia than those living on the east coast, who generally regard Europe as the main arena of world politics. Things are different on the west coast, where Latin American--and Asian--problems are considerably closer at hand and of more immediate interest.

"Actually, one ought to be in a better position to understand the overall situation--the whole world--by taking it as a natural adjunct of one's world

view that Latin America and Asia play a bigger role than they did 40 or 50 years ago, and it is a fact that they do."

America's "Backyard"

[Question] "Do people in the United States believe that the Soviet Union is establishing a foothold in America's backyard: in Central America?"

[Answer] "That is what they say. They say that what is happening in Nicaragua and El Salvador is remote-controlled from Cuba, that that is where the weapons come from, that the financing comes from a third country, and so on. It is hard to say whether they are correct, but at any rate, the new government in Nicaragua has awfully good relations with Cuba. But what people often forget is that Mexico, which has no revolutionary sympathies, also has good relations with Cuba and also with Nicaragua."

[Question] "Is there any danger that the United States might intervene more actively?"

[Answer] "You mean militarily? No, I don't think so. I feel quite simply that from the standpoint of domestic politics, it would not be possible to send troops there. Congress simply would not go along with it. The experience in Vietnam has not been forgotten. The idea that American troops should fight in a foreign country in a war that people do not understand would be extremely unpopular. But arms deliveries and financial help will presumably continue. We can count on that."

Change Impossible

[Question] "Why don't the Americans change their policy? Why don't they put their money on the winners instead of on those who are eventually going to get the worst of it? As happened in Vietnam, for example."

Iloniemi answered that in many ways, U.S. foreign policy is the prisoner of domestic politics. For example, there have been fruitless attempts to straighten out relations with Cuba. He said:

"But let us imagine, theoretically, that the United States has established good relations with Cuba. What would that mean? Well, it would mean that the United States would have to take over the very extensive aid now being contributed by the Soviet Union in particular. The American taxpayer would certainly not put up with paying to support a communist system. Aid would be accompanied by demands for reforms which would be regarded in Cuba as a step backward in development, and the whole thing would come to nothing.

"So such a total change in direction is impossible. After all, we ourselves have experienced how hard it can be to get people to support a foreign policy which the leaders have found to be the only sensible one."

"He Who Moves Too Soon Loses"

[Question] "If, as you say, the United States wants to negotiate only from a position of strength, won't that make it harder to reach agreement in Geneva?"

[Answer] "Yes, but the Russians are doing the same thing, of course. Moscow says quite openly that a central objective of the Soviet state is to see that its security is safeguarded under all circumstances. And they are also concentrating on defense in a way that is far from being surpassed by U.S. defense efforts."

[Question] "There is a theory that Reagan wants to use the arms buildup to force the Soviet Union to follow suit, thus reducing the Soviet Government's possibilities for concentrating on a higher standard of living. It is said that an attempt is being made in that way to create domestic discontent in the Soviet Union. Is there anything to that theory?"

[Answer] "Well, at least there are many Americans in key positions who believe it. I don't want to say whether that is the government's viewpoint, but there are many analytical thinkers in the United States who insist on it and believe it."

In general, Iloniemi does not believe that the situation in Europe is as gloomy as it is made out to be. Some progress has been made--including the Soviet Union's latest initiative concerning the basis of calculation for intermediate-range missiles--but it seems highly uncertain whether agreement on those missiles will be possible before the deadline arrives.

Deployment of the U.S. Pershing II's and cruise missiles will begin at the end of this year. Of course, no one knows whether the negotiating parties have something in their back pockets that they will throw on the table at the last minute. The way it works is that each side holds back its final offer. The one who moves too soon loses, because the opposite party merely says "thanks" and asks him what else he has to offer, according to Iloniemi.

"It is in the nature of political--and also economic--negotiations that the one who is in a hurry pays too high a price.

"But whether there is any hope for such a last-minute solution is something that only the parties concerned can know."

Brighter View of START

As far as the talks on strategic weapons are concerned, Iloniemi takes a brighter view of the situation. But in this case, the U.S. presidential election is making a mess of the timetable. It would be tempting for the current President to be able to show off an agreement in the election campaign, but for that to happen, the ice will have to break within the next 7 or 8 months. During the election campaign itself, it will be impossible to conclude an agreement and even less so to get it approved by Congress.

So the timetable is being pushed back a couple of years. And if there is a new man in the White House, more time will be required while he familiarizes himself with the situation and gets his administration organized. If Reagan is reelected, he will be able to continue the negotiations without a break.

But of course, the START negotiations are not tied to a deadline in the same way as the negotiations on intermediate-range missiles.

In Madrid, the followup meeting by the Conference on Security and Cooperation in Europe is struggling with its final document. Jaakko Iloniemi is convinced that such a document will see the light of day:

"If nothing else, they will agree on when and where to meet the next time."

[Question] "What is the point of meetings where people cannot agree on anything except when to meet the next time?"

[Answer] "Well, at least the machinery exists, and it can be used when the time is right for talks, and that is important, because then time does not have to be wasted setting up the negotiating mechanism--on agreeing as to how the talks will be conducted."

Progress Despite Everything

[Question] "Has any progress at all been made in detente since 1975, or have things gone backward?"

[Answer] "Oh yes, certainly there has been progress. One should not give the CSCE credit for everything--although one would certainly like to--but look, for example, at relations between the two German states. I am not saying that reunification is any closer than before, but from the standpoint of ordinary people, a considerable change has taken place. It can also be said that the German problem is now of manageable proportions. There is no major risk now of a repetition of what happened in Berlin during the Cold War.

"On the whole, there has been a tremendous change in the FRG's relations with all of East Europe. It is things like that which have been forgotten and concealed by the violations that have occurred."

Same Policy, Other Methods

[Question] "After more than 5 years abroad and a change of government at home, does one notice any difference between Koivisto's 'third republic' and the Kekkonen era?"

"Oh yes," Iloniemi answered. "One certainly notices differences, although it takes time to get reoriented here at home despite the close contacts with home during my time in the United States."

One change he mentioned was that the press--the mass media--has begun to conceive of its role in a different way. A lot of things were kept secret before--

not only shady things but also such things as assessments of the political process: of what lay behind political events.

Another phenomenon he mentioned was that what he used to call the Kekkonen system no longer exists. It was a system based on personal relationships with a number of people in key positions--a way of leading and "governing" through persons rather than institutions.

"I believe that political decisionmaking during the last years of the Kekkonen era was more a matter of contacts among individuals than of relations among institutions.

"I think I am now beginning to see more interplay among institutions than among individuals. The institutions will play a bigger role in the future. The Kekkonen power structure is breaking down."

Koniemi also noted that as a result, the Soviet Union will have to change its attitude and adapt to the new realities:

"I do not mean that any attempt to change the thrust of our foreign policy can be seen. I have not seen signs of that anywhere. But the same policy is now being pursued with slightly different methods. This also requires a new attitude on the Soviet side.

"President Koivisto's first official visit to the Soviet Union will be interesting from that standpoint in particular.

"A big advantage for us is that there is such a broad consensus on key foreign policy questions that the situation is tremendously simpler than it was when Kekkonen took over in 1956."

Half a Dozen Foreign Ministers

[Question] "Now that you are free and no longer attached to the Ministry of Foreign Affairs and the diplomatic service, will you continue to devote yourself to politics?"

[Answer] "No, I have never felt drawn to party politics. But of course, I may write, give lectures, and meet with people. My duties at the bank are also partly of such a nature that I will have to deal with such things."

[Question] "Could people think of you as a possible minister of foreign affairs?"

[Answer] "There is no shortage of people--competent and willing professional politicians--who can become minister of foreign affairs. We are in what I consider the odd position of having half a dozen professional politicians who are well trained to become minister of foreign affairs.

"So there is no need to go outside that circle."

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CSO: 3650/209

ULTERIOR MOTIVES SEEN IN ELECTORAL SYSTEM MODIFICATION

Athens EPIKAIRA in Greek No 776, 16 Jun 83 p 19

[Text] The issue of the simple proportional electoral system is the "new bridge" launched by the PASOK in the direction of the KKE in an attempt to open a new bargaining phase and to achieve an improvement in the relations between the two parties following the recent strains in their relationship. According to cross-referenced information the PASOK has already asked to be informed of the KKE's views on the modifications it is studying, while it seems that the president of the republic was sounded out at one of his recent meetings with the prime minister. The question is whether the government indeed intends to modify a system which gave it an easy parliamentary majority, or whether it is attempting a new maneuver solely devised to soothe Mr Florakis' party.

The only thing that is certain at this time is that Mr Karamanlis opposes any any modification that would limit the possibilities for one-party governments, foreseeing that the parliamentary weakening of the two parties at this juncture would only open the way for a PASOK-KKE cooperation in the future.

However, it seems that this is the reason why the left wing of the PASOK is bringingup the matter. The hardliners' wing is emphasizing that at this particular time, when there is the threat of a decisive break among the "democratic forces," a stable connection must be planned for the two parties. This could be achieved through an electoral system which would make the PASOK and the KKE "not antagonistic, but competing parties."

"Connecting Link"

A modification of the reinforced proportional system that would mainly refer to the reduction of the limit of the second apportionment from 17 percent to 12 down to 3 percent is being proposed as the connecting link. This proposal is doubtlessly intended principally for the PASOK and only minimally for the smaller parties in the event this limit would reach the lower of the proposed levels (3 to 5 percent).

Despite the fact that its morale soared after the municipal elections, Mr Florakis' party is aware that the goal of 17 percent is still uncertain and difficult to attain, especially if the next elections will take place in

a climate of polarization favoring the two larger parties. As a result, it would very much like to see the modification take place as it wishes, with the limit going from 10 to 12 percent. On the other hand, it is doubtful whether a more drastic reduction that would go from 3 to 5 percent would be advantageous to the party itself, the reason being that this percentage would be easily attained by its archenemy, the KKE (int.), by the KODISO and perhaps by other forces which could claim, within a wider spectrum on the left, the ballots of dissatisfied PASOK voters. Therefore, the modification of the electoral system is a very significant negotiating advantage held by the PASOK vis-a-vis the KKE, be it only for a political truce until the real intentions of the two parties become obvious.

Those who support a rapprochement add that, moreover, any kind of modification constitutes a weapon for the element of pre-electoral surprise held by the PASOK, which could decide at the last minute what is in its favor and what is not. In other words, if the PASOK shortly before election time would find that it has no hope of achieving a majority that would permit it to govern alone, it could grant the KKE the advantage in the second apportionment, thus adumbrating the prospect of a post-electoral cooperation. If, on the contrary, the PASOK believed that it is holding on to its power and remains the strongest party, it would shape the electoral system accordingly.

Conflicting Views

However, there are conflicting views (coming mainly from the ranks of the parliamentary group) that oppose those held by the left-wingers. Most of the PASOK deputies believe that any modification in the direction of the simple proportional system would be interpreted pre-electorally as defeatism, while any prospect for cooperation with the KEE would push large masses of centrist voters into the ranks of the ND.

There is no doubt that these conflicting views within the PASOK have an ideological basis. Simply said, the movement's left wing has always considered the KKE as its natural ally and the center right spectrum as its rival. There are political arguments to support this view. The left wing says that the slogan for the next elections must be "never again the right in power." This rejection of the right is the "greatest achievement" of the Change, which must overshadow any failure and any weakness during the duration of the PASOK mandate. Moreover, the left-wingers add, a rapprochement with the KEE would ensure the continuation of the cooperation of the "democratic forces" in all mass organizations and all sectors while simultaneously constituting a "show of force" intended for all elements or forces conspiring against Change.

Mr Papandreou's Stance

Mr Papandreou's position in this intra-party difference is not known. Faithful to his usual tactics, the prime minister seems to have eclectically chosen a number of arguments from both sides. Setting aside the ideological dichotomy, discussion about an electoral system seems, at this time, to favor the government politically, even if restricted to sounding outs or the exchange of views through unofficial contacts and conferences between the PASOK and the

KKE. What does raise questions, however, is the inaction and fatalism on the part of the ND. Surely the opposition party is aware that all thoughts and plans are targeted against it. It has not even denounced the government's provocative statement that the new electoral law will be announced and brought to a vote on the eve of the next elections. This is tantamount to saying that the ND silently agrees that its rival has every right and every facility at using the element of surprise. And this is taking place when the PASOK as an opposition party sought and achieved a timely knowledge of the rule of the game, and also proclaimed that a prerequisite for the cleansing of our political mores was the need to enshrine a steady electoral system....

CSO: 3521/357

WILLOCH FORMS NEW BOURGEOIS COALITION GOVERNMENT

Labor Party Organ Comments

Oslo ARBEIDERBLADET in Norwegian 2 Jun 83 p 4

[Editorial: "New Government--New Policy"]

[Text] When an all Conservative government is replaced by a three-party government it means, in plain language, that the country has gotten a new government--even though the prime minister remains Kare Willoch.

Most people view this as a matter of course. It is therefore a rather unusual game that Prime Minister Kare Willoch plays when he reduces the government reorganization down to a change of a few ministerial seats in order to pursue further the Conservative Party's policy which his government has stood for since the fall of 1981.

Although there is formally nothing to prevent the format which has been chosen in connection with the plan for the change in the government, we want to stress that the most correct--and the most natural plan--would have been to have the current Willoch government resign and a new Willoch Government formed with the participation of the three parties.

We have noticed that this is a view which is shared deep into the Center Party and the Christian People's Party. We are hardly mistaken when we maintain that this is also the primary wish of party leaders such as Johan J. Jakobsen and Kjell Magne Bondevik. Here at the starting point they, however, are raising weapons for Kare Willoch and the Conservative Party. But Jakobsen or Bondevik are unable to accept a government changeover which must appear to the voters as if the Center Party and the Christian People's Party would enter the Willoch government in order to create a more secure base for the policy of the Conservative Party. Both party leaders have therefore persisted that a three party government means a new government policy basis. Important factors of the center policy must now replace the current conservative policy.

This involves some issues that even Kare Willoch cannot cover up. We therefore wait with anticipation to see what will be the result of the political tug of war which is taking place in the prime minister's office.

When the result is clear, we expect it to be formulated like a government declaration which the Storting can discuss before it adjourns for the summer.

It is already clear that the economic policy is the main theme in the political discussion between the Conservative Party and the center parties. If the Center Party and the Christian People's Party are to come through this part of the negotiations "alive," Bondevik and Jakobsen must force Willoch and Presthus to put greater emphasis on regional and social policies than on tax reduction for individuals. This is not an easy job for Bondevik and Jakobsen but it is all the more important.

Even though the economic policy is the main issue, there is also a long list of individual matters to which a joint political solution must be found. In our opinion, the Tyssedal-matter must be put in a special class in the government negotiations. We want to note that the crisis was created by a demand from the Christian People's Party parliamentary group which wanted the practical aspects of the Tyssedal-matter dealt with this spring. It would be incomprehensible for most people if we get political horse trading which includes, among other things, that the Christian People's Party enters the government against having the Tyssedal-matter postponed. In a government the persons are also important. But not all equally important. When it comes to the formulation of the government policy in principal areas, the prime minister, the foreign minister and the minister of finance are in a class by themselves. In all coalitions that we know of in the Scandinavian countries and in West Germany (which we find most natural to compare ourselves with), we do not know of any single instance where one party has been able to fill all three offices. It will be registered as somewhat of a defeat--and humiliation--if the center parties do not secure themselves a position in the leadership of the new government.

In reality we take it for granted that Presthus is more important to Willoch than Stray, and the battle will be about the foreign minister's office. It is probably not the way Jo Benkow, chairman of the Conservative Party, among others, tries to present it, namely that it will be interpreted negatively abroad if Svenn Stray is not the foreign minister in a new Norwegian government even if it continues to be nonsocialist. For such reason, the Christian People's Party must not neglect to try to get Kare Krstiansen to fill the position in the Ministry of Foreign Affairs. In the Center Party, Johan J. Jakobsen is a natural candidate but one should not, however, exclude the party's former foreign minister in the Korvald government, Dagfinn Varvik. Nevertheless, the most important thing for the center parties, more than the personal choices, is to get a politician with experience in the government as Willoch's second in command.

Willoch Pledges Unemployment Fight

Oslo AFTENPOSTEN in Norwegian 4 Jun 83 p 3

[Article by Terje Svabo: "Prime Minister Kare Willoch: Employment Will Be the Main Task"]

[Text] "The main task for an expanded nonsocialist government will still be to secure the foundation of the welfare state and employment both as a short-term and a long-term goal. With respect to the competitiveness, it

is crucial that the rise in prices be reduced further," stresses Prime Minister Kare Willoch in an interview with AFTENPOSTEN. The prime minister underscores: Real reductions in both personal and business taxes will be the principal efforts in the government's work in order to strengthen Norwegian economy. With respect to wage and cost increases, emphasis will be put on reducing the progression of taxes on individuals.

For one week now, Kare Willoch has led the intense negotiations between the Conservative Party, the Christian People's Party and the Center Party in order to prepare a change-over of the Willoch government to a nonsocialist majority government. Based on the discussions that now have been taking place, AFTENPOSTEN has aksed the prime minister to point out some of the main elements in the foundation for the majority government.

Prime Minister Kare Willoch's statements show that in many areas it will be a continuation of the policy which the minority government pursued but, of course, compromises will be formulated during the negotiation process. In the interview with AFTENPOSTEN, Willoch stressed the importance of the three parties being in agreement on pursuing the main elements in the government's policy to the world, including defense policy and security policy. He points out that the efforts of securing free trade of goods and services across the borders will continue.

[Question] Prime Minister Kare Willoch, what will be the main task of a majority government?

[Answer] The main task of an expanded nonsocialist government will still be to secure the foundation of the welfare state and employment both as a long-term and a short-term goal. In order to achieve this, it is crucial that the price increases be reduced further so that the country's competitiveness can be maintained and preferably gets stronger. In formulating the finance and credit policy, it becomes necessary to take as a starting point the issue of curbing price and cost increases. This means that the government must put great emphasis on limiting the increase in public expenditure.

[Question] Will real tax reduction be given a place in this work?

[Answer] Real reduction of both personal and business taxes will also be among the principal efforts in the abovementioned work. Emphasis must be put on reducing the progression of taxes on individuals so that the brakes will be put on wage and tax increases, and initiative and motivation will be stimulated. Reduction of business taxes will especially stimulate innovation and private capital formation. Consideration of the economy of families with children must continue to play an important role in the tax policy, stresses Willoch.

[Question] What about employment on a long-term basis. How will the balance be between selective efforts and general terms?

[Answer] The requirement for securing employment on a long-term basis is that the economic policy must concentrate on general terms rather than selective funding to private businesses and special branches. Moreover, in the effort to reduce the transfers of state enterprises and reduce the number of idle businesses, the government must, however, take into consideration that the necessary readjustments will not cause unacceptable social and employment problems.

In this connection, the prime minister added that in a situation which requires very strong priorities of public expense, emphasis must be put on the following: A recognition of the interests of the more disadvantaged groups, as well as improvement in the housing conditions.

Willoch stated that the work in simplifying of laws, ordinances and regulations will continue, with a view toward improving administration and providing greater independence of action for individuals, business, municipalities and the counties.

[Question] Will the reform work in media policy continue?

[Answer] The reform work toward bringing about freedom of choice and variety of content on radio and television will continue, while at the same time the Norwegian Broadcasting Company will be the central institution for broadcasting in Norway.

With regard to the educational policy, the main emphasis will be put on the individual technical achievement and grades needed to enter secondary schools and colleges.

[Question] The three parties disagree on the oil and energy policy. Can an agreement be reached?

[Answer] Earlier there have been signs of disagreement among the three parties on oil and energy policy. Today, however, the three parties are, as far as I can see, in agreement on most of the principal features of this policy. Work of reorganizing of the state's participation in the petroleum operations and a fair division of the work between the Norwegian oil companies will continue. Statoil will at the same time play the principal part in the business side of the oil operations.

The rate of development of the search and research operations must be maintained so that freedom of action is secured in the developmental policy and in satisfying production progress, stresses Prime Minister Kare Willoch.

Center Party Leader Tells Goals

Olso AFTENPOSTEN in Norwegian 6 Jun 83 p 3

[Article: "Center Party Looks Towards Higher Profile"]

[Text] The central committee of the Center Party now looks in unison towards a government with a more center oriented policy. This is obvious after yesterday's approval by the central committee of the political basis for the reorganized government. The leader of the parliamentary group and chairman Johan J. Jakobsen stressed that the political demands of the Center Party had been met during the government negotiations. The Center Party's precondition, just like the Christian People's Party's, for the participation in the government is that the three parties reach an acceptable distribution of the ministries. Today there is very little reason to believe that the Conservative Party, the Christian People's Party and the Center Party will not agree on the distribution.

At a press conference in connection with the central party congress, Johan J. Jakobsen stated that it is now definite that he will be in the reorganized Willoch government. It is therefore in the cards that parliamentary member Johan Buttedahl from Buskerud will be the new leader of the parliamentary group. Jakobsen stressed that he thinks it is unfair if the Center Party does not get at least three ministers. Indications are that this wish will be fulfilled.

The party chairman referred yesterday to the Center Party's congress which presupposes that a three-party coalition would bring changes in the political course in relation to the present Conservative government. Jakobsen said that the political negotiations which now have ended, show that the reorganized government will pursue a policy which is based on the joint lists in 1983 and the three-party platforms. According to Jakobsen, this includes even more of the center oriented policy than the present government pursues.

During the press conference, Jakobsen referred several times to the record which is written in connection with the politic l negotiations. He especially pointed out that it is stated about the tax policy that it should be based on the tax compromise which the three parties agreed on in the Storting last fall and not on the government's tax proposal.

In the Center Party's opinion this will lead to greater emphasis being put on taxation of businesses and families than on direct personal taxes. He persisted, however, that it is included in the packet that real tax relief will be implemented in all three areas but that the Center Party is satisfied with the priorities that have taken place with respect to taxation of businesses and families. Priority will be put on average income in reducing personal taxes.

With regard to the ongoing discussions about who will be in the government, Jakobsen stated that the party has submitted a proposal with "a bunch" of names. The parties have selected the method of presenting more than three names in order to have more than three alternatives, all depending on which ministries go to the Center Party when all is said and done. Jakobsen did not want to say which names were on the list but Johan Buttedahl confirmed that there are others besides Jakobsen from the parliamentary group who ar. mentioned in the proposal.

On the question of how it is possible that all three parties will be satisfied with the political basis for the reorganized government, Jakobsen stressed that none of them has proposed unrealistic demands. On Friday the central committee of the Conservative Party praised the negotiations results and elaborating on that Jakobsen stated: "That means that the central committee of the Conservative Party has not put the level of ambition far too high."

Christian People's Party Leaders Comment

Oslo AFTENPOSTEN in Norwegian 8 Jun 83 p 3

[Article: "Christian People's Party Satisfaction with the Political Basis"]

[Text] Before the government negotiations began, the Christian People's Party put forth three demands for the political basis for a majority government: the government's policy will in general be based on the Christian People's Party's value basis, the party's privileges on the abortion issue will be maintained as the Christian People's Party is of the opinion that the current law is contrary to the party's principles and that it is necessary to pursue a more center oriented policy.

Now it can be established that the demands have been fulfilled and the Christian People's Party has reason to be satisfied, assertains Kjell Magne Bondevik, chairman of the party, in an interview with AFTENPOSTEN. On Saturday the Christian People's Party central committee voted, with one vote against, to accept the political basis for a coalition government. It came therefore not as any surprise that the Christian People's Party Youth Organization's representative was the only one in the central committee to vote against it. In the resolution on Saturday it is presupposed that the party will receive a good representation in the expanded government.

What will be good enough for the Christian People's Party is probably that the party would get four ministers. On top of the list is the office of the foreign minister, but if this office, contrary to expectations, should go to the Christian People's Party, the party will have to be satisfied with three ministers.

Party Chairman Kjell Magne Bondevik will, according to all available indications, become the new minister of Church and Education. Furthermore, the Christian People's Party is very interested in the Ministry or Consumer Affairs and Administration, and it has not decreased its appetite for this ministry that Annelise Hoegh of the Conservative Party stressed officially before this weekend that the Christian People's Party must not get that ministry because of the party's views in the family policy.

In addition to the abovementioned ministries, the Christian People's Party is interested in choosing between the Ministry of Oil and Energy and the Ministry of Social Affairs.

In a conservation with AFTENPOSTEN, Party Chairman Kjell Magne Bondevik stressed that his party puts a great importance on the political results that the three parties have reached in the negotiations. Bondevik is of the opinion that the demands of the Christian People's Party have been met on many counts, especially with regard to the family policy. On the economic policy Bondevik states:

"There is an agreement that a strict finance policy must be pursued but that will be in favor of the weak groups. That means that we have obtained a clear social and regional political profile from the negotiation results. When it comes to the tax policy, we are satisfied with a relief in taxation of both families and businesses. This involves a clearer center oriented profile and our presupposition of being able to show our distinctive character in the three party coalition policy is hereby well on its way of being fulfilled," states Kjell Magne Bondevik.

There have been speculations whether the Christian People's Party and the Center Party now during the final stretch will coordinate their demands for ministers. To this Bondevik says that it depends on collisions of interests between the Christian People's Party and the Center Party as well but that the two center parties have a joint interest in coordinating their wishes in such a way that together they will achieve the best possible results.

'Milestone' for Bourgeois Cooperation

Oslo AFTENPOSTEN in Norwegian 8 Jun 83 p 2

[Editorial: "The Government: Willoch the Second"]

[Text] A milestone in nonsocialist cooperation was passed today with the formation of a broad nonsocialist coalition government under the leadership of Kare Willoch. For the first time since 1971 Norway has a majority government, and again it consists of the Conservative Party, the Christian People's Party and the Center Party which cooperate in order to solve the social problems--by mutual and obligating cooperation and respecting each others distinctive character. In a remarkably short time the three parties have agreed on the main elements in a joint nonsocialist policy with promising perspectives for a Norwegian society in the eighties. The coalition government's action program is suited to create new optimism in areas where severe problems have characterized recent developments.

What primarily must be emphasized is the unity which has been reached in the handling of the key problems in the Norwegian economy. The records of the political basis for the government reorganization (coalition agreement) shows clearly that the Conservative Party, the Christian People's Party and the Center Party will make joint efforts in the fight against inflation. In order to curb the price and cost increases, which is crucial for the competitiveness and employment, the coalition parties have obligated themselves to pursue a strict finance policy. The government's political plan is formulated with recognition of the serious responsibility

of the parties to get rid of the problems. Characteristic of this is that Kare Kristiansen, the leader of the parliamentary group of a party which ealier belonged to a group of so-called "expense parties," stated the following at a press conference yesterday. "In this current situation, nobody is able to force through appropriations for which there is no real economic basis."

The guidelines which were drawn up for the tax policy give the same impression of a firm and decisive desire to stimulate Norwegian economy--by stimulating increased initiative and efforts everywhere in the Norwegian society. We believe that there is full proof for saying that the unity which has been achieved in record time both about the government's political basis and about the distribution of ministerial posts, shows that the time for a nonsocialist coalition government was actually overdue. We have, of course, stated that such a government formation should have been here long time ago--in order to be able to combine the efforts in solving the serious social problems. We are also convinced that the clarification that now has taken place will be in the interest of the concerned parties and Norwegian politics in general.

The composition of the three party government offers an excellent basis for obtaining results sought for by an expanded cooperation. Many of the new ministers have extensive political and parliamentary experience and do not only represent repalcement but in the opinion of many represent strengthening of the government as a political collegium. At the same time, the Conservative Party has kept its most able people in many of the government's key positions, ministers who each in their fields will pursue the work that long ago started to characterize Norwegian politics and social life. We find it especially reassuring that Svenn Stray will continue to lead Norwegian foreign policy and--above all—that Kare Willoch remains prime minister in times that are disturbing and difficult. It is hard to think of a politician who is better suited to take on this task than he is.

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CSO: 3639/127

STOCKHOLM DAILY VIEWS CURRENT PROBLEMS OF ICELAND

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 2

/Editorial by PJ: "Icelanders"/

/Text/ The Icelanders are constantly waging two kinds of war: for their fishing waters and against inflation. No government seems able to cope with the latter. And hardly either can the liberal-conservative coalition recently formed on Thursday, which boldly did the same old thing--a substantial devaluation.

The mistake is that the fixing of practically all wages in Iceland--private and public--is by custom tied to the income from fishing. The fishing sector is almost always decently profitable for both the companies and employees. On the other hand, this is not so for the public sector or for the craft-oriented industry and agriculture wich constitute the remainder of Iceland's economic life.

Consequently, Iceland will have to live with its inflation as long as fishing is allowed to guide both the private economy and the national economy.

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CSO: 3650/205

POLL: SUPPORT FOR SOCIALISTS REMAINS STABLE

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 6

/Article by Dick Ljungberg: "Gain for the Center Party"/

/Text/ The Center Party has increased by 2 percent and the Left-wing Communists by 1.5 percent, while the Moderates have lost 2 percent according to the DAGENS NYHETER-Institute for Market Research /IMU/ poll of voter opinion for April-May. The Liberal Party lies dangerously close to falling out of parliament.

The poll was made during the period 18 April-11 May. Nine hundred and nine people were interviewed. All the changes since the previous poll lie within the margin of error.

The Submarine Commission made its report during the period of the interview, and the debate on defense and security increased.

The government presented its supplementary proposal regarding the economy and was strongly attacked by the opposition. It was already clear earlier that the government would not get through the increases in energy taxes as planned.

The labor movement celebrated 1 May demanding the wage-earners fund. A proposal for corporate profit sharing was made--the first step towards the wage-earners fund, according to the nonsocialists and the business community.

The Moderates Decline

Even in the previous poll--the one for March-April--the greatest changes concerned the Moderate and the Center Parties, but at that time the Moderates went up and the Center Party down. With the current reversed results the figures are again closer to the trend in the four IMU polls made after the election.

--The Moderates went down by 2 percent from 28 percent in the previous poll to 26 percent. The increase last time was a whole 3.5 percent, so even after the decline this time the trend of the Moderates is upwards. They have all the time been a good bit over the 1982 election result of 23.6 percent.

--In the polls since the election the Center has been a few percentage points under the election result of 15.5 percent. After a decline to 12.5 percent in March-April they now went up with 2 percent to the "usual old" 14.5 percent.

--The Liberal Party after the catastrophic 1982 election--5.9 percent, a decrease of 4.7 percent--is now hovering at the 4 percent mark, the requirement to be represented in parliament. The party has this time an unchanged 4 percent, and there are no signs of an increase.

--The Social Democrats went down by 0.5 percent to 44.5 percent. They appear to be quite stable, just under the election result of 45.6 percent.

--The Left-wing Communists went up by 1.5 percent to 5.5 percent and achieves thereby a 10 percent improvement from the results of the last 2 elections. Judging from the statistics so far, the Left-wing Communists have a more secure existence in parliament than the Liberals. The Left-wing Communists have also forced the socialist government to compromises two times.

The position of the two blocks in general is unchanged. The nonsocialists together remain at 44.5 percent, while the socialist parties increased by 1 percent to 50 percent.

Among the small parties the Environmental Party shows a decreasing trend. The number of people interviewed who cannot or will not answer to the question on "the best party" lies at a low three percent.

Polling Period	21 31 Jan- 2 Mar 1983	22 21 Mar- 14 Apr 1983	23 18 Apr- 11 May 1983
Number of eligible voters interviewed, with party orientation (basis for %)	905	910	883
Percent regarding as best party			
Moderate Coalition Party	24.5	28.0	26.0
Liberal Party	4.5	4.0	4.0
Center Party	14.5	12.5	14.5
Christian Democratic Party	2.0	2.5	1.5
Social Democrats	44.0	45.0	44.5
Left-wing Communist Party	5.0	4.0	5.5
Environmental Party	3.5	3.0	2.5
Other parties	2.0	3.5	3.0
Percent of eligible voters who cannot or will not state "best party"	4.0	3.5	3.0

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PAPER DISCUSSES POLL DECLINE OF LIBERAL PARTY

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 2

/Editorial by AL: "No Brightening for Liberal Party"/

/Text/ The political party opinion wind appears to have slackened. The surveys in recent months by the Institute for Market Research /IMU/ regarding voter opinion indicate a stable stagnation, broken only now and then by squalls, the strength of which, however, is for the most part within the statistical margin of error.

Last month's survey by IMU had a noteworthy change: the Moderate Coalition Party increased from 24.5 percent to 28 percent. That could be regarded as great progress, a breakthrough to a higher level. But in the new IMU survey, which DAGENS NYHETER is publishing today, the Moderates have already lost their gain and now are about 26 percent. In contrast the Center Party has regained the 2 percent the party lost last month and are back at the same level as in March, 14.5 percent.

The changes which have occurred during the spring have thus been temporary and reflect more the inherent uncertainty of surveys than actual shifts in opinion. The overall impression is that there have been hardly any changes at all.

This stability must encourage the Social Democrats, who despite debates involving broken promises continued to have difficulty with the wage-earners fund and disappearing sumbarines, are securely anchored to the 45 percent mark.

The stability must also distress to the same degree the Liberal Party, which seems incapable of rising over the four percent level. After the electoral defeat last fall there was much talk in the party about the need for a sharpening of ideology and a cleaner delineation of views. As yet, the Liberal Party has not found anyone asking how its ideological stance is particularly distinctive.

And it would presumably be a mistake to concentrate political energy on such questions. The dilemma of every middle party is exactly that it stands out less clear and is harder to identify than the extremist parties. Its success is determined by the extent to which it can convince the citizens that such a middle position is sensible and well-balanced. It is with this unglamorous and unrewarding mass media-wise public opinion task that the Liberal Party must struggle.

BENGT WESTERBERG TO LIBERALS' LEADERSHIP SPARKS DEBATE

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 6

/Article by Dick Ljungberg: "Controversial Election; Westerberg in Liberal Party Leadership"/

/Text/ Bengt Westerberg, following his former chief in the budget department, is entering into the highest leadership of the Liberal Party. The Liberal Party's executive board decided this at a meeting in Stockholm on Saturday. Westerberg is a very controversial person in the party. He is considered to stand in economic policy ver close to the Moderates.

Bengt Westerberg has long been regarded as a promising star in the Liberal Party. Obviously, it was expected that he would go into the party leadership group, which was formed after last year's catastrophic election for the Liberals and which led to the big contest about Ola Ullsten.

But just before the party's extra congress in January Westerberg became head of the newly formed institute, Market Economy Alternative for Sweden (MaS). The institute is financed by the business community--its yearly budget is calculated to be 2.5 million according to Westerberg, and representatives for the nonsocialist parties sit on the executive board. The Moderates' member is Carl Bildt.

That was too much for the members at the Liberal Party's congress. And Westerberg withdrew his candidature.

Such a strong Liberal Party man as Hans Schoier, chief editor of ESKILSTUNA KURIREN, wrote shortly before the congress that Westerberg in starting the institute was jeopardizing the party's integrity. If Westerberg takes a place in the Liberal Party leadership with the task of participating in the ongoing party decisions, then they are asking for trouble, in Schoier's opinion.

The Liberals were also divided over Bengt Westerberg's contributions as undersecretary in the budget department. Together with Undersecretary Sten Westerberg in the economics department--the two were called the firm of Westerberg and Westerberg--he was the architect of the centrist government's savings proposal in the budget and among other things sick leave.

"Bengt Westerberg has been one of our coworkers for a long time, and he will now add to the party leadership further economic knowledge," Ola Ullsten said Saturday after the meeting of the party's executive board.

"I shall work in the same liberal spirit as earlier," Bengt Westerberg said. MaS is an independent institute which will operate "in the market economy spirit, and our findings will be disseminated to all who are interested. For example, we are just now planning an investigation as to how the small businessman looks at the world around them."

Ola Ullsten was brief in his comments on the party's continued poor standing in public opinion poll figures.

"Of course the figures are disturbing, but not unexpected," he said. "We knew that the defeat in the election would lead to poor results in public opinion polls for a time."

6893
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PALME ATTACKS BILDT FOR AIRING SECURITY ISSUES IN WASHINGTON

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 6

/Article: "Olof Palme: 'The Moderates Have Betrayed Us'"/

/Text/ "We must speak out. It involves confidence in Swedish national security policy and the defense of our freedom and independence."

That is what Prime Minister Olof Palme said in reply to the question of why the government has issued a formal statement offically critical of Carl Bildt and his conversation in Washington.

"We showed confidence in the Moderates in asking them to participate in the Submarine Commission. We have a right to demand responsibility. They failed in this responsibility when in this sensitive situation they allowed Carl Bildt to go to the United States.

"There was a very strong protest from Sweden to the Soviet Union in the Submarine Commission's report. The day after, Bildt sat in Washington and talked with CIA officials," Olof Palme says.

"We cannot tolerate such things which can cast a shadow over our policy of neutrality. We shall see to it that the Soviet Union can never say that there is a justified uncertainty. We have a burden with the Soviets, and we shall not give the impression that we run to others. The world is too difficult to allow adventures.

"It is serious that the entire Moderate Coalition Party lacks a sense of responsibility. We shall see how they act henceforth. The debate will continue until we get clarity," Palme says.

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CARL BILDT DISCUSSES PROBLEMS ARISING FROM WASHINGTON VISIT

Stockholm DAGENS NYHETER in Swedish 29 May 83 p 6

/Article by Ann-Charlotte Samec: "Carl Bildt in Windstorm: My Ears Can Take Olof Palme's Pulling"/

/Text/ "I am right. Hence, I am sorry that I have gotten in hot water. It is more of a challenge. If I know I am right, it does not bother me that I have both the prime minister and the government as opponents."

That is what Carl Bildt, a member of parliament and the Moderates' national security expert, says. He also says it in another way.

"My ears are so big that I'll make out even if Olof Palme pulls them."

Carl Bildt made a trip to Washington. There he met the wrong people at the wrong time. That is the view both of the government and Olof Palme and of Karin Soder and Ola Ullsten in strong statements.

The Palme government maintains in its official communique that Carl Bildt acted extremely injudiciously when he traveled to Washington just a few days after the Submarine Commission had made its report, and there met an admiral from the Pentagon and an official from the American intelligence service.

According to the communique, agreement was quickly reached by the guests at the luncheon discussion regarding the best way to end the submarine violations. They agreed that the best way was to get it to the surface and to interrogate the crew. The government is of the opinion that Bildt should not have discussed this with the Americans.

"What should I have done? The lunch was arranged by the Swedish embassy. The Americans were guests. Should I have thrown the food in their faces? Should I have interrupted and said that Olof Palme does not want us to talk about these things?"

Fierce Fight

The government's communique has one version and Carl Bildt another of the meeting between him and the admiral and the man from the intelligence service.

The government is of the opinion that this meeting took place aside from those which embassy arranged. Carl Bildt maintains that the embassy arranged the contact among the three and that Swedish embassy officials were present.

Now a fierce fight has broken out between Carl Bildt and Olof Palme. Palme has the support of the entire government, and Carl Bildt has Ulf Adelsohn. In addition, the Center Party and the Liberals are booing in the background. The fight is a continuation of a lengthy quarrel between them.

"Olof Palme has refused to speak to me for a long time. He thinks that I have been nasty to him."

Big Cannons

Carl Bildt comments on the most recent development of the hostility between them.

"He is shooting at a mosquito with heavy guns."

Carl Bildt is thus the mosquito. It may be that mosquitos are not so big that one has to shoot at them with cannons. All know that they are very irritating when they buzz around, that it hurts when they bite and a mosquito bite can itch awfully long.

DAGENS NYHETER: Why do you irritate people sometimes?

"I am arrogant."

DAGENS NYHETER: Why can't you and Olof Palme get along?"

"Olof Palme has a penchant for confrontation. I have a penchant for factual analysis."

Carl Bildt acknowledged that the penchant can sometimes go a little too far, that he can be too exact, too careful.

"But it is a matter of honor for me to be well-founded. Everything which I say can undergo careful inspection." Carl Bildt, a 33-year professional politician, is usually described as an exceptionally capable and intelligent analyst who very seldom displays his feelings in the political life.

"That's right. I am not an emotional person. A politician should be both intellectual and have feelings, but I am not thinking about changing my personality. It would be very strange if I suddenly began to make long and emotional speeches in the parliament."

DAGENS NYHETER: Your opponents maintain that you blab.

"I don't leak any secrets. But it happens that in conversations I say things about people which do not flatter them."

Light Gossip

"I can also forget myself and say too sharp things about people."

DAGENS NYHETER: But ordinary small gossip?

"Well, how do you define gossip?"

Like Olof Palme, Carl Bildt has involved himself intensely in international politics, and he travels a lot. He has made himself known in his political committment as strongly pro-West. He has attacked the Eastern bloc several times. He maintains that the peace movement supports oppression in the East and has been described as a megaphone for Reagan.

DAGENS NYHETER: Do you think Sweden should join NATO?

"No. That would very seriously disturb the balance in national security policy.

"You should understand that the security question for Sweden does not involve any ideology, but pure and simple security."

Carl Bildt is tall and lanky. He gets along elegantly, to say the least, has always voted for the Moderates. When he speaks with a bur, it is because he has roots in the Halmstad area and not because he has grown up in a castle. That he has not. But he has a solid bourgeois background.

The Tin Soldier

It shows through undeniably. Otherwise, he is amazingly like a student who studies too hard at night.

When a storm rages like now, he is like the steadfast tin soldier. But now and then he has a smile which can be regarded as sneering.

He has a very personal way of speech. He often begins a sentence with "because following" and readily uses "understatements." "I am verbally cautious." That's how he describes it himself.

DAGENS NYHETER: Do you also have a cautious attitude towards life?

"In part, but I can also be obsessed. In a political question, or with a film I've seen or a book I've read. Then I can talk about it for 14 days until my friends are unable to listen to me any longer."

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INTELLIGENCE AGENCY ISSUES BOOK ON WARSAW PACT BALTIC PLANS

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 83 p 7

/Article by Mogens Auning: "Swarms of Troops From the East Around Us"/

/Text/ "The probability of an attack (Warsaw Pact) against a NATO territory seems slight at the moment, just as the probability of a limited attack against Danish territory or an attempt at pressure against the Danish Government does not seem too great at the moment."

This is the calming conclusion the Defense Intelligence Agency /FE/ draws in a publication just issued, "The Warsaw Pact Aggression Possibilities against Danish Territory."

Military Forces

At the same time, however, FE points out that swarming in and around the "ocean of peace" are all kinds of military weaponry from the Eastern powers all the way up to Danish territory.

It is stated in the publication that the armies of the Eastern powers continue to increase both qualitatively as well as quantiatively. They are constantly receiving the latest models of tanks, and the number of automatic guns is increasing within the divisions.

The Warsaw Pact divisions and the armies are all equipped with missiles for delivery of tactical atomic weapons, and all army units are well equipped for chemical warfare.

In our immediate vicinity--the northern part of Eastern Germany and Poland--there are deployed 13 Warsaw Pact army divisions, of which approximately half are armor divisions. An additional seven divisions can be quickly transported to the area from the Soviet Union.

Amphibious Forces

A motorized Warsaw Pact division consists of 11,000 to 13,000 people with special vehicles and 170-260 tanks. The armor divisions consist of 9,000-11,000 people and 270-330 tanks.

Moreover, in the Baltic area there are marine infantry divisions especially trained and equipped in amphibious landing operations. Stationed there is one Soviet marine infantry brigade, a Polish amphibious division and a portion of an East German infantry division which is trained in amphibious warfare. The combined forces amount to approximately 10,000 men.

Naval and Air Power

The Warsaw Pact has at its disposal a great number of landing craft and transport aircraft. It is possible to bring 5,000 men ashore along with accompanying materiel on the first trip and at the same time many airborne regiments can be dropped. An airborne regiment consists of 1,200 men and is equipped with armored troop tanks which can be dropped by parachute.

According to the FE statement, the Warsaw Pact has at its disposal in the "ocean of peace" alone, among others, over 25 destroyers, 2 cruisers, a number of frigates, destroyer escorts and patrol craft and approximately 250 minesweepers. In addition there are 70 torpedo boats and 80 missile boats.

There are about 50 submarines. Of those, six are of the so-called Golf-2 class, and each is equipped with three missiles with nuclear charges with a range of at least 1,200 km. Recently there has also been a number of submarines of the Juliett class, each equipped with four tactical missiles targeted for ships stationed in the Baltic.

In East Germany, Poland and the western military districts of the Soviet Union, there are approximately 700 fighter planes. FE estimates that a couple of hundred of those could be deployed against Danish territory in a war situation. Added to this is a constantly increasing number of fighter helicopters and approximately 300 navy aircraft.

The Poles

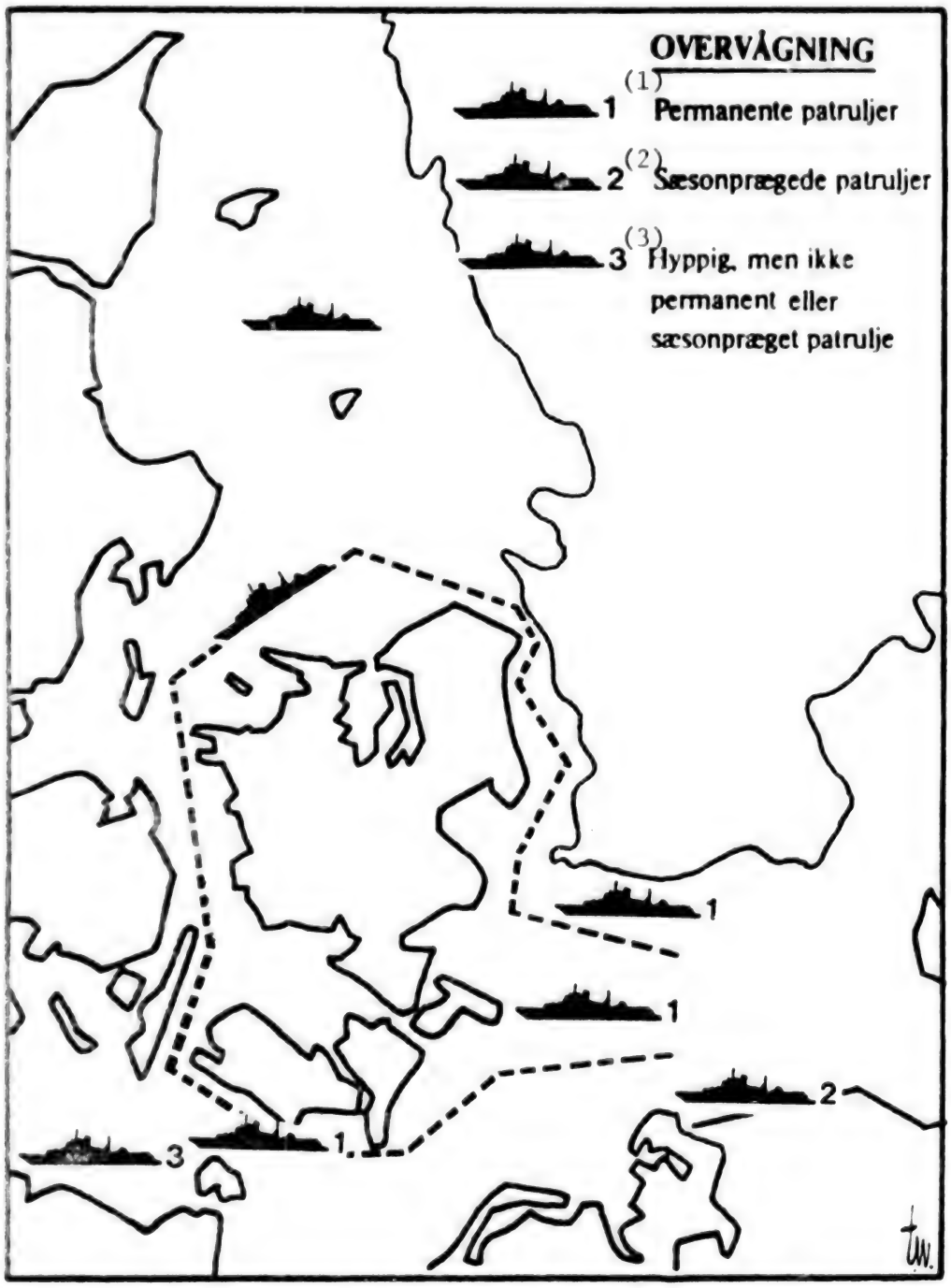
In its evaluation of the situation in the Baltic area, FE says that the effectiveness of the Polish divisions must be viewed as reduced as a result of the political events that took place in the country.

A portion of the troops has been used for control and surveillance operations. This has brought about a strong reduction in training and exercise levels and thereby decreased combat effectiveness.

In the pyschological area, FE feels that the Polish crisis has reduced morale, especially among the younger officers, NCOs and enlisted men.

In addition, the country's economic problems have delayed a number of acquisitions of materiel, among others replacement of obsolete combat tanks.

"It must therefore be assumed that there will be some time until the Polish military strength is back to the same level of effectiveness as before," says FE.



Illustrationen viser Warszawapagtens »fredstidsaktivitet« i Østersø-området.

SURVEILLANCE

Key:

1. Permanent patrols
2. Seasonal patrols
3. Frequent but not permanent patrol

Illustration shows the Warsaw Pact "peacetime activities" in the Baltic.

9853
CSO: 3613/121

PAPER BACKS SCHLUTER ATTACK ON USSR FOR SUB INCIDENTS

Copenhagen BERLINGSKE TIDENDE in Danish 26 May 83 p 10

/Editorial: "The Soviet Janus Head"/

/Text/ As a Danish prime minister, Poul Schluter grants PRAVDA almost too much honor by entering into debate with the Soviet party organ about the submarines in the Baltic. But he gives his answer the right value by labeling the Soviet attack on him as "grotesque."

It is indeed grotesque, even so fantastic as to be almost ominous that a superpower such as the Soviet Union pursues its politics in a manner of a completely split personality and asks the world to accept it. With the one personality, the Soviet fleet systematically violates Swedish territorial waters with its submarines, one by by one or in formation, and the pattern in these military activities, which are contrary to international law, continues unchanged even though it goes wrong once, twice and three times. There is an intention behind that, an intention that extends beyond the temporary initiative and far into future strategy. This is an ice cold signal to the rest of the world that in times of crisis, the Baltic and the neighboring waterways will be used as a Soviet inland sea without any limitations with respect to the right and powers of others. But the other Soviet personality denies flatly that anything like that is taking place with this intention.

In itself it is not a surprise that the Soviet Government denies the facts and rejects Sweden's documented protests as they would have very uncomfortable and difficult consequences if they admitted their mistakes openly. But it is one thing to reject a protest and keep the diplomatic mask. It is someting else to strike an attitude of violated innocence in a continuous propaganda campaign which is designed to cast a doubt on the motives of others.

"When in a authoritative statement competent Soviet authorities have rejected the allegations as untenable and unfounded," then everything else is lies and myth which is stated "by any commando," writes PRAVDA, and it leaves no doubt that it is the United States that controls Prime Minister Schluter and the Scandinavian mass media in their "campaign of manipulating the opinion in a militant spirit." If somebody does not want to believe it, then they can indeed see for themselves that the U.S. vice president, George Bush, will show up at the Rebild festivities this year "in order to put the heat on the

anti-Soviet passions and exert pressure on the NATO partners and neutral Sweden with the goal of strengthening his military-political front lines here."

It is a primitive and not a very effective argument which is used by this part of the Soviet political brain and Schluter can relax and ignore it. But he is correct in saying that it is grotesque that the Soviet superpower behaves abusively and alarmingly against the Nordic countries and at the same time wants to pretend as if nothing, yes, absolutely nothing, has happened.

9583
CSO: 3613/121

BRIEFS

EXPLORATION FOR METALLIC NODULES--The CEA [French Atomic Energy Commission] its subsidiary, Technicatome, and the CNEXO [National Center for Exploitation of the Oceans] have become partners in an Economic Interest Group (EIG) to study the technology required for the exploitation of metallic nodules from deep ocean floors. Under the name of Gemonod, the EIG, which was formed for a 5-year period will have access to a budget of Fr 30 million in 1983. It will receive an annual subsidy from the ministry of industry. [Text] [Paris ELECTRONIQUES ACTUALITES in French 29 Apr 83 p 2] 12260

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